



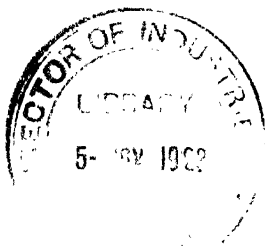
INDUSTRIAL RELATIONS

FINAL REPORT AND TESTIMONY

SUBMITTED TO CONGRESS BY THE
COMMISSION ON INDUSTRIAL RELATIONS

CREATED BY THE ACT OF
AUGUST 28, 1912

VOL. I



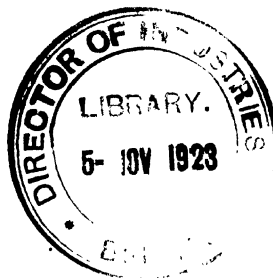
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1916

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FINAL REPORT OF THE COMMISSION ON INDUSTRIAL RELATIONS

**INCLUDING THE
REPORT OF BASIL M. MANLY, DIRECTOR
OF RESEARCH AND INVESTIGATION
AND THE
INDIVIDUAL REPORTS AND STATEMENTS
OF THE SEVERAL COMMISSIONERS**



THE COMMISSION ON INDUSTRIAL RELATIONS.

FRANK P. WALSH, Missouri, *Chairman.*

JOHN R. COMMONS, Wisconsin.

S. THRUSTON BALLARD, Kentucky.

FLORENCE J. HARRIMAN, New York.

JOHN B. LENNON, Illinois.

RICHARD H. AISHTON, Illinois.¹

JAMES O'CONNELL, District of Columbia.

HARRIS WEINSTOCK, California.

AUSTIN B. GARRETSON, Iowa.

LEWIS K. BROWN, *Secretary.*

WILLIAM O. THOMPSON, *Counsel.*

BASIL M. MANLY, *Director of Research and Investigation.*

EXTRACT FROM ACT OF CONGRESS OF AUGUST 23, 1912, CREATING AND DEFINING THE DUTIES OF THE COMMISSION ON INDUSTRIAL RELATIONS.

That a commission is hereby created to be called the Commission on Industrial Relations. Said commission shall be composed of nine persons, to be appointed by the President of the United States, by and with the advice and consent of the Senate, not less than three of whom shall be employers of labor and not less than three of whom shall be representatives of organized labor.

* * * * *

SEC. 4. That the commission shall inquire into the general condition of labor in the principal industries of the United States, including agriculture, and especially in those which are carried on in corporate forms; into existing relations between employers and employees; into the effect of industrial conditions on public welfare and into the rights and powers of the community to deal therewith; into the conditions of sanitation and safety of employees and the provisions for protecting the life, limb, and health of the employees; into the growth of associations of employers and of wage earners and the effect of such associations upon the relations between employers and employees; into the extent and results of methods of collective bargaining; into any methods which have been tried in any State or in foreign countries for maintaining mutually satisfactory relations between employees and employers; into methods for avoiding or adjusting labor disputes through peaceful and conciliatory mediation and negotiations; into the scope, methods, and resources of existing bureaus of labor and into possible ways of increasing their usefulness; into the question of smuggling or other illegal entry of Asiatics into the United States or its insular possessions, and of the methods by which such Asiatics have gained and are gaining such admission, and shall report to Congress as speedily as possible, with such recommendation as said commission may think proper to prevent such smuggling and illegal entry. The commission shall seek to discover the underlying causes of dissatisfaction in the industrial situation and report its conclusions thereon.

¹ Appointed commissioner Mar. 17, 1915, to serve the unexpired term of Hon. F. A. Delano, resigned.

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LETTER OF TRANSMITTAL.

COMMISSION ON INDUSTRIAL RELATIONS,
Chicago, Ill., August 23, 1915.

To the Sixty-fourth Congress:

On behalf of the Commission on Industrial Relations, I have the honor to transmit herewith its final report.

The assembling of facts in the report of the staff from the records of our public hearings and the reports of investigators, under the direction of Mr. Basil M. Manly, might well be taken, in my opinion, as a model of efficiency and scientific treatment by governmental departments.

The plan of submitting none but undisputed facts in the final report of the commission has been faithfully adhered to.

No statement or conclusion of fact adverse to the attitude or interest of any person or group of persons is submitted, except as declared or assented to by the person or by the individuals comprising the group affected. Thus, for perhaps the first time in the history of our Government, the facts in relation to conditions in the industries examined and the relations inquired into are placed beyond the realm of controversy and established upon the solid and scientific basis of ascertained and indisputable fact.

It is believed that the work of the commission has been conducted in a spirit of social justice and an earnest desire to serve the public by bringing into the light the facts regarding the industrial relations of the country. For the creation of this spirit, as well as for an earnest insistence that the education of the public should be the keynote, I feel that full credit should be accorded Mr. George P. West, and that in addition thereto he should be credited with the inspiration and planning of many of the most effective public hearings of the commission.

Respectfully,

FRANK P. WALSH, *Chairman.*

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I.

Report of Basil M. Manly

Director of Research and Investigation

**Embodying the Findings of Fact, Conclusions, and Recommendations
of the Staff, based upon their Investigations and the
Testimony of Public Hearings**

SIGNED BY

Commissioners Walsh, Lennon, O'Connell, and Garretson

TOGETHER WITH

**Supplemental Statements by Chairman Walsh, Commission-
ers Garretson, Lennon, and O'Connell**

LETTER OF SUBMITTAL.

CHICAGO, ILL., *August 9, 1915.*

TO THE COMMISSION ON INDUSTRIAL RELATIONS:

I have the honor to submit herewith my report, which has been prepared by direction of the commission as a summary and interpretation of the evidence contained in the public hearings of the commission and the reports of the staff, together with suggestions for action designed to remedy such evils and abuses as have been developed by investigation.

In the preparation of this report I have directed my attention primarily to the most important question placed before the commission by Congress, namely, "the underlying causes of dissatisfaction in the industrial situation." I have, however, attempted to cover as adequately as possible all the questions embodied in section 4 of the act.

A few words with regard to the method of preparation may be of value: The policy of the commission in intrusting certain important subjects to the members of the staff for investigation under the general supervision of the director has been continued throughout. The members of the staff who had charge of definite subjects have made their final reports embodying the results of their investigations and the pertinent parts of the testimony before the commission. These reports have, as far as possible, been accepted as the basis for the statements and recommendations contained in this report. It is only fair, however, to state that in certain respects they have been modified, largely as a result of the discussion which took place when these reports were presented to the commission in tentative form. Nevertheless, in every case the substance and essential ideas of each investigator's report have been retained.

The enormous mass of testimony heard by the commission has been drawn upon freely. In using this testimony I have been guided by the principle of quoting only statements made by the party to whom such evidence would be unfavorable or by persons who were clearly nonpartisan. For example, in the criticism of the attitude and actions of employers only the testimony given by employers or their agents has been quoted; the testimony of labor representatives being used only to show the attitude of the workers.

In addition, I have utilized to a very large extent the reports of other governmental agencies, not only as sources of original information but as a check upon the statements and conclusions contained herein. In relation to a few subjects, indeed, the information already collected made it unnecessary for the commission to conduct investigations of its own.

This report should properly be known as the report of the staff, except that, as noted above, I feel it necessary to assume personal responsibility for certain modifications which have been made from the original reports. I wish to state, however, that I have drawn most largely upon the following reports, which are submitted herewith, with the suggestion that Congress be requested to print them as supplements to this report:¹

- W. JETT LAUCK:
Analysis of Economic Causes of Unrest.
- EDGAR SYDENSTRICKER:
Labor Conditions in American Industry.
- CHRISTOPHER T. CHENERY:
The Telephone and Telegraph Industry.
Labor Conditions in Porto Rico.
- MARIE L. OBENAUER:
Women in Industry.
Interstate Competition.
- GERTRUDE BARNUM:
Enforcement of Laws Regulating Working Hours of Women in Wisconsin.
- GEORGE P. WEST:
Labor Conditions in Colorado.
- WILLIAM P. HARVEY:
Labor Conditions in the Black Hills.
Labor Conditions in Los Angeles.
- CHARLES W. HOLMAN:
Preliminary Report on the Land Question.
- JOHN L. COULTER:
Agricultural Labor and Tenancy.
- WILLIAM M. LEISENSON:
Unemployment.
- PETER A. SPEEK:
Conditions in Labor Camps.
Labor Complaints and Claims.
Migratory Workers.
- GEORGE E. BARNETT:
Joint Agreements.
- GEORGE E. BARNETT and D. A. MCCABE:
Mediation and Arbitration.
- LEO WOLMAN:
Extent and Growth of Labor Organizations.
- J. WALLACE BRYAN:
Trade-Union Law.
- EDWIN E. WITTE:
Injunctions in Labor Disputes.
- ROBERT F. HOXIE:
Scientific Management and Labor.
- B. S. WARREN:
Industrial Conditions and the Public Health.
- LUKE GRANT:
Violence in Labor Disputes and the Policing of Industry.
The National Erectors' Association and the International Association of Bridge and Structural Iron Workers.
- REDMOND S. BRENNAN and PATRICK F. GILL:
The Inferior Courts and Police of Paterson, N. J.
- EDWARD A. FITZPATRICK:
Chinese Exclusion.

In addition to those named above, the following members of the staff, who have performed exceptional service and whose reports have to some extent been used directly, should be mentioned: Henry Winthrop Ballantine, Charles B. Barnes, Francis H. Bird, E. H.

¹ These reports have not been printed with this document, on the recommendation of Chairman Frank P. Walsh, as stated in his letter in Senate Report No. 143, Sixty-fourth Congress. The reports on Labor Conditions in Colorado and the National Erectors' Association were printed by the commission itself in 1915.

Busiek, W. J. Coyne, Nelle B. Curry, Alexander M. Daly, F. S. Deibler, Noel T. Dowling, H. E. Hoagland, Carl Hookstadt, B. F. Moore, Daniel T. O'Regan, M. O'Sullivan, Selig Perlman, Sumner Slichter, George L. Sprague, and Inis Weed.

Special mention should be made also of Charles J. Stowell and Elizabeth A. Hyde, whose work in research and in the digesting of testimony has been invaluable.

— The success of the public hearings was due in large measure to the courage, tact, and good humor of Thomas J. Egan, who performed the difficult duties of sergeant at arms for the commission.

I wish to express my appreciation of the generous cooperation of the secretary, Mr. Lewis K. Brown, upon whose executive ability and tactful administration of the commission's affairs the work of the staff in large measure depended. I wish also to express to the commission my acknowledgment and appreciation of the unusual freedom which has been accorded me in the administration of the work of research and investigation, and in the conduct of the public hearings.

Respectfully,

BASIL M. MANLY, *Director.*

FINAL REPORT OF THE COMMISSION ON INDUSTRIAL RELATIONS.

REPORT OF BASIL M. MANLY, DIRECTOR OF RESEARCH AND INVESTIGATION.

INTRODUCTION.

The question of industrial relations assigned by Congress to the commission for investigation is more fundamental and of greater importance to the welfare of the Nation than any other question except the form of our government. The only hope for the solution of the tremendous problems created by industrial relationship lies in the effective use of our democratic institutions and in the rapid extension of the principles of democracy to industry.

The immediate effects of the form and character of industrial organization are, however, greater and closer to the lives and happiness of all classes of citizens than even the form and character of our political institutions. The ordinary man, whether employer or worker, has relatively little contact with the Government. If he and his family are well fed, well housed, and well clothed, and if he can pay for the education of his children, he can exist even under an autocratic monarchy with little concern, until some critical situation develops in which his own liberty is interfered with or until he is deprived of life or property by the overwhelming power of his tyrannical ruler. But his industrial relations determine every day what he and his family shall eat, what they shall wear, how many hours of his life he shall labor and in what surroundings. Under certain conditions where his individual or corporate employer owns or controls the community in which he lives, the education of his children, the character and prices of his food, clothing, and house, his own actions, speech, and opinions, and in some cases even his religion, are controlled and determined, in so far as the interests of the employer make it desirable for him to exercise such control. Such conditions are established and maintained not only through the dictation of all working conditions by the employer, but by his usurpation or control of the functions and machinery of political government in such communities.

In the available time it has been impossible to ascertain how general such conditions are, but it is clearly indicated by the investigations that in isolated industrial, mining, or agricultural communities, which are owned or controlled by single individuals or corporations, and in which the employees are unorganized, industrial feudalism is the rule rather than the exception.

In such communities democratic government does not, as a rule, exist, except in name or form, and as a consequence there now exist within the body of our Republic industrial communities which are virtually principalities, oppressive to those dependent upon them for a livelihood and a dreadful menace to the peace and welfare of the Nation.

Such conditions as these are the direct and inevitable consequence of the industrial relations which exist in such communities. Political freedom can exist only where there is industrial freedom; political democracy only where there is industrial democracy.

Such industrial democracy has been established in a greater or less degree in certain American industries or for certain classes of employees. But between conditions of industrial democracy and industrial feudalism there are almost infinite gradations marking the stages of evolution which have been reached. In every case, however, investigation has shown that the degree of political freedom and democracy which exists is conditioned by the industrial status of the citizens who form the majority of the community.

The problems of industrial relations, therefore, demand the attention of Congress, not only because they determine the life, security, and happiness of the 25,000,000 citizens of the United States who occupy the position of wage earners but because they affect for good or evil the government of localities and States and to a smaller degree that of the Nation itself. What each of these wage earners shall eat, what he shall wear, where he shall live, and how long and under what conditions he shall labor are determined by his industrial status and by his relation, individually or collectively, to the person or corporation employing him. Similarly and almost as directly, this relationship determines whether the machinery of government shall be used for or against his welfare; whether his vote shall count for or against his own interest; whether he shall be tried by a jury of his peers or a jury selected in collusion with the employing company, or, under conditions of so-called martial law, by no jury whatever; whether, in fact, he shall be a free man or be deprived of every right guaranteed by Federal and State constitutions, imprisoned without warrant for the commission of crimes of which he may be innocent or forcibly deported from the community or State in which he has made his home. For these reasons it seems desirable at the outset to suggest a recommendation to Congress that these problems of industrial relationship should occupy their due prominence in the deliberations of that honorable body, and that the entire machinery of the Federal Government should be utilized to the greatest possible degree for the correction of such deplorable conditions as have been found to exist.

The lack of a proper industrial relationship and the existence of bad labor conditions is a matter of the most serious moment during times of peace, but the events of the past year have demonstrated how enormously their menace to the welfare of a nation is increased during a period of war. The present European war is being fought on the farms and in the factories as much as in the trenches. The effective mobilization of our industrial resources is as important, simply from the standpoint of war, as is the mobilization of our military and naval forces.

It is equally important that action should be taken now, and not after war is a reality.

An attempt has been made in the succeeding pages of this report to suggest some of the measures which should be adopted, with a full realization, however, that no action will be effective which does not come through an understanding by the American people of the essential facts regarding industrial conditions. Practically there are only two alternatives for effective action: First, the creation of a huge system of bureaucratic paternalism such as has been developed in Germany; second, action which removes the many existing obstacles which prevent effective organization and cooperation, reserving for performance by the Government only those services which can not be effectively conducted by voluntary organizations and those which are of such vital importance to the entire Nation that they should not be left to the hazard of private enterprise.

In closing this introductory statement it is proper to append a quotation from Carlyle, the great Scotch historian, which contains in a few eloquent sentences the very heart of the situation in American industry:

With the working people, again, it is not so well. Unlucky! For there are from twenty to twenty-five millions of them. Whom, however, we lump together into a kind of dim compendious unity, * * *, as "the masses." Masses indeed; and yet, singular to say, the masses consist of units, * * *, every unit of whom has his own heart and sorrows; stands covered there with his own skin, and if you prick him he will bleed. Every unit of these masses is a miraculous man, even as thou thyself art; struggling with vision or with blindness for his infinite kingdom (this life which he has got once only in the middle of eternities); with a spark of the divinity, what thou callest an immortal soul, in him!

Clearly a difficult "point" for government, that of dealing with these masses; if indeed it be not rather the sole point and problem of government, and all other points mere accidental crotchets, superficialities, and beatings of the wind! For let charter chests, use and wont, law common and special, say what they will, the masses count to so many millions of units, made, to all appearance, by God, whose earth this is declared to be.

METHOD AND CHARACTER OF INVESTIGATION.

In the investigation of questions so intimately affecting the lives of a large part of the American people the ordinary methods of compiling facts and drawing deductions would have been utterly insufficient, not only because the ground to be covered was too extensive, but because the situation was too largely the result of the opinions, beliefs, and convictions of employers and employees to be susceptible of ascertainment by such a method. Furthermore, it became clear very early in the investigation that the problems which were presented could be solved only by the will and conscience of the American people acting either directly or through their representatives in the State and Federal Governments.

The commission has therefore called before it witnesses representing persons drawn from almost every walk of life, whose knowledge and opinions were believed to be of value. In order that the information developed by these hearings should reach the people they were not only held in public, but, through the newspapers, the facts developed by them have been carried throughout the Nation.

These hearings have occupied in all 154 days, or rather more than the equivalent of 6 months of the commission's time. One or more

hearings were held in each of the following cities: Washington, New York, Paterson, Philadelphia, Boston, Chicago, Lead (S. Dak.), Butte, Seattle, Portland, San Francisco, Los Angeles, Denver, and Dallas. The witnesses, however, were by no means limited to these localities, but in every case the best-informed persons were brought to the centers at which the hearings were held.

The representative character of the witnesses may best be shown by the statement on the following page.

Classification of witnesses upon industrial subjects.

Affiliated with employers:	
Employers, managers, foremen, etc	134
Representatives of employers' organizations	37
Attorneys	15
Efficiency engineers	10
Employment agents	14
Capitalists, bankers, directors, etc	20
	230
Affiliated with labor:	
Trades-union officials	135
Workingmen and working women	90
Attorneys	6
Industrial Workers of the World	8
Representatives of the Socialist Party	6
	245
Not affiliated with either group:	
Agriculturists	22
Attorneys	15
Public officials	69
Representatives of civic organizations	24
Educators	22
Economists and sociologists	20
Investigators	11
Representatives of the press	14
Clergy	10
Physicians	7
Unclassified	17
On Chinese exclusion	34
	265
Total	740

These witnesses were not arbitrarily selected by the commission, but were chosen only after careful investigation by agents of the commission, who consulted the persons best informed regarding the industry, locality, or question under consideration. Every opportunity was given employers and employees to suggest the names of witnesses who could best present their side of the case, and the persons thus suggested were without exception heard with absolute freedom not only as regards time, but without regard to the technical rules of evidence.

It seems desirable also to call attention to the fact that in this report, except for citations from admittedly nonpartisan official bodies, there are no statements of fact affecting any person or group of persons which have not been submitted to the parties directly concerned, or which have not been quoted from documents submitted by them or from their public testimony. The submission of the facts developed by preliminary investigation to the parties affected for verification or correction at public hearings is believed to be the best means of ascertaining the truth and avoiding evasion. The same is

true of the recommendations and conclusions contained in the report, a very large number of which were submitted for criticism at public hearings or by correspondence.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

In the act of Congress creating the commission, section 4 named 11 questions into which inquiry was specifically directed. Of these questions three, relating to industrial conditions, industrial relations, and the causes of industrial unrest, were fundamental in character and of broad scope, while eight were specific and dealt more largely with matters of detail. Leaving these eight specific questions for detailed consideration in the body of the report, it seems desirable to present briefly at this point the findings and conclusions with regard to these general questions.

LABOR CONDITIONS IN THE PRINCIPAL INDUSTRIES, INCLUDING AGRICULTURE.

In considering the conditions of labor in American industries, it has seemed that they could be judged or appraised only by comparing conditions as they actually exist with what knowledge and experience shows that they might easily be made during the immediate future if proper action were taken to utilize the resources of our Nation efficiently and distribute the products equitably.

As against this view there has been an attempt by some persons to urge the judgment of all things by comparison with the past. Much stress has been laid by certain witnesses upon the alleged improvement of the condition of the workers during the past quarter century.

This point, however, is regarded as generally immaterial. The crux of the question rather is, Have the workers received a fair share of the enormous increase in wealth which has taken place in this country, during the period, as a result largely of their labors? The answer is emphatically, No!

The wealth of the country between 1890 and 1912 increased from sixty-five to one hundred and eighty-seven billions, or 188 per cent, whereas the aggregate income of wage earners in manufacturing, mining, and transportation has risen between 1889 and 1909 only 95 per cent, from two thousand five hundred and sixteen millions in 1889 to four thousand nine hundred and sixteen millions in 1909. Furthermore, the wage earners' share of the net product¹ of industry in the case of manufactures was only 40.2 per cent in 1909, as compared with 44.9 per cent in 1889.

Similarly, the attempt to dismiss deplorable labor conditions in the United States by arguments that they are better than in European countries is repugnant. To say that conditions are better than in Great Britain, for example, is simply to say that somewhat less than one-third of the population is in a state of absolute poverty, for that was the condition reported by the latest British commission. It should be a matter of shame also to boast that the condition of

¹ The net product is the value that remains after subtracting the cost of materials from the total value.

American laborers is better than that of laborers in the "black bread belt" of Germany.

That conditions are, as a matter of fact, but little better is proved conclusively by the almost complete cessation of immigration from Germany, England, and France. No better proof of the miserable condition of the mass of American workers need be sought than the fact that in recent years laborers in large numbers have come to this country only from Russia, Italy, Austria-Hungary, and the backward and impoverished nations of southern and eastern Europe.

With the inexhaustible natural resources of the United States, her tremendous mechanical achievements, and the genius of her people for organization and industry, there can be no natural reason to prevent every able-bodied man of our present population from being well fed, well housed, comfortably clothed, and from rearing a family of moderate size in comfort, health, and security. How far this ideal is actually achieved is discussed in some detail in the following pages.

It is evident both from the investigations of this commission and from the reports of all recent governmental bodies that a large part of our industrial population are, as a result of the combination of low wages and unemployment, living in a condition of actual poverty. How large this proportion is can not be exactly determined, but it is certain that at least one-third and possibly one-half of the families of wage earners employed in manufacturing and mining earn in the course of the year less than enough to support them in anything like a comfortable and decent condition. The detailed evidence is presented in a separate report which is submitted for transmittal to Congress.¹ At this point it is sufficient to call attention to the results of the most exhaustive and sweeping official investigation of recent years, that of the Immigration Commission, which reported to Congress in 1909. This investigation secured detailed information regarding the daily or weekly earnings of 619,595 employees of all classes in our basic manufacturing industries and in coal mining, and information regarding income and living conditions for 15,726 families.

It was found that the incomes of almost two-thirds of these families (64 per cent) were less than \$750 per year and of almost one-third (31 per cent) were less than \$500, the average for all being \$721. The average size of these families was 5.6 members. Elaborate studies of the cost of living made in all parts of the country at the same time have shown that the very least that a family of five persons can live upon in anything approaching decency is \$700. It is probable that, owing to the fact that the families investigated by the Immigration Commission were, to a large extent, foreign born, the incomes reported are lower than the average for the entire working population; nevertheless, even when every allowance is made for that fact, the figures show conclusively that between one-half and two-thirds of these families were living below the standards of decent subsistence, while about one-third were living in a state which can be described only as abject poverty.

American society was founded and for a long period existed upon the theory that the family should derive its support from the earn-

¹ Report of Edgar Sydenstricker: Labor Conditions in American Industries.

ings of the father. How far we have departed from this condition is shown by the fact that 79 per cent of the fathers of these families earned less than \$700 per year. In brief, only one-fourth of these fathers could have supported their families on the barest subsistence level without the earnings of other members of the family or income from outside sources.

Other facts collected in this investigation show conclusively that a very large proportion of these families did not live in decency and comfort. Thirty per cent kept boarders and lodgers, a condition repugnant to every ideal of American family life, especially in the crowded tenements or tiny cottages in which the wage earners of America characteristically live. Furthermore, in 77 per cent of the families two or more persons occupied each sleeping room, in 37 per cent three or more persons, and in 15 per cent four or more persons.

The most striking evidence of poverty is the proportion of pauper burials. The repugnance of all classes of wage earners of all races to pauper burial is such that everything will be sacrificed and heavy debts incurred rather than permit any member of the family to lie in the "potter's field"; nevertheless in New York City 1 out of every 12 corpses is buried at the expense of the city or turned over to physicians for dissection.¹

The terrible effects of such poverty may be outlined in a few paragraphs, but their far-reaching consequences could not be adequately shown in a volume.

Children are the basis of the State; as they live or die, as they thrive or are ill nourished, as they are intelligent or ignorant, so fares the State. How do the children of American workers fare?

It has been proved by studies here and abroad that there is a direct relation between poverty and the death rate of babies; but the frightful rate at which poverty kills was not known, at least for this country, until very recently, when through a study made in Johnstown, Pa., by the Federal Children's Bureau, it was shown that the babies whose fathers earned less than \$10 per week died during the first year at the appalling rate of 256 per 1,000. On the other hand, those whose fathers earned \$25 per week or more died at the rate of only 84 per 1,000. The babies of the poor died at three times the rate of those who were in fairly well-to-do families. The tremendous significance of these figures will be appreciated when it is known that one-third of all the adult workmen reported by the Immigration Commission earned less than \$10 per week, even exclusive of time lost. On the showing of Johnstown these workmen may expect one out of four of their babies to die during the first year of life.

The last of the family to go hungry are the children, yet statistics show that in six of our largest cities from 12 to 20 per cent of the children are noticeably underfed and ill nourished.

The minimum amount of education which any child should receive is certainly the grammar school course, yet statistics show that only one-third of the children in our public schools complete the grammar school course, and less than 10 per cent finish high school.² Those

¹ Statistics for New York are the only ones available which are reasonably complete. Even there not all are included who die in a state of extreme poverty, as it is well known that national societies and sympathetic individuals claim a large number of bodies of persons absolutely unknown to them.

² Elimination of Pupils from School. Edward L. Thorndike. Bull. 379, U. S. Bureau of Education.

who leave are almost entirely the children of the workers, who, as soon as they reach working age, are thrown, immature, ill trained, and with no practical knowledge, into the complexities of industrial life. In each of four industrial towns studied by the Bureau of Labor Statistics, more than 75 per cent of the children quit school before reaching the seventh grade.¹

The great seriousness of this condition is even more acutely realized when it is known that in the families of the workers 37 per cent of the mothers are at work² and consequently unable to give the children more than scant attention. Of these mothers 30 per cent keep boarders and lodgers and 7 per cent work outside the home.

As a final statement of the far-reaching effects of the economic condition of American wage earners, it seems proper to quote the following statement of the Chicago Commission on Crime, which after thorough investigation, has reported during the past year:

The pressure of economic conditions has an enormous influence in producing certain types of crime. Insanitary housing and working conditions, unemployment, wages inadequate to maintain a human standard of living, inevitably produce the crushed or distorted bodies and minds from which the army of crime is recruited. The crime problems are not merely a question of police and courts; it leads to the broader problems of public sanitation, education, home care, a living wage, and industrial democracy.³

The other factors in the conditions under which labor is employed in American industry, such as working hours, regularity of employment, safety, and sanitation, are left for later discussion. Suffice it to say in this connection that while in certain fields great improvements have been made, the general situation is such that they accentuate rather than relieve the deplorable effects of inadequate income which have been pointed out.

As a picture of American industry, this presentation is undeniably gloomy and depressing, but as a diagnosis of what is wrong with American labor conditions, it is true and exact. There are, of course, many bright spots in American industry, where workmen are well paid and regularly employed under good working conditions in the determination of which they have some share. But, even as the physician pays little attention to the good eyes and sound teeth of a patient whose vital organs are diseased, so impressive is the urgent need for attention to the diseased spots in industry, it is felt to be unnecessary to waste time in word pictures of conditions which are all right or which may be depended upon to right themselves.

In agriculture there is no array of exact figures which can be quoted to show the condition of labor. But, speaking generally, the available evidence indicates clearly that while in some sections agricultural laborers are well paid and fairly treated, the condition of the mass is very much like that of the industrial workers.

Moreover, there is a peculiar condition in agriculture which merits a brief but strong statement at this point as a preface to a more detailed discussion later. The most alarming fact in American agriculture is the rapid growth of tenancy. In 1910 there were 37 tenant-

¹ Conditions Under Which Children Leave School to Go to Work. Vol. VII of Report on Conditions of Woman and Child Wage Earners in the United States. S. Doc. No. 645, 61st Cong., 2d sess.

² Summary Report on Immigrants in Manufacturing and Mining. Vols. 19 and 20 of Reports of the Immigration Commission. S. Doc. No. 633, 61st Cong., 2d sess.

³ Report of the City Council Committee on Crime, Chicago, Summary of Findings, sec. 14, p. 12.

operated farms in each 100 farms in the United States, as compared with 28 in 1890, an increase of 32 per cent during 20 years. No nation-wide investigation of the condition of tenant farmers has ever been made, but in Texas, where the investigations of this commission were thorough and conclusive, it was found not only that the economic condition of the tenant was extremely bad but that he was far from being free, while his future was regarded as hopeless. Badly housed, ill nourished, uneducated, and hopeless, these tenants continue year after year to eke out a bare living, moving frequently from one farm to another in the hope that something will turn up. Without a large family the tenant can not hope to succeed or break even, so in each tenant family numerous children are being reared to a future which under present conditions will be no better than that of their parents, if as good. The wife of a typical tenant farmer, the mother of 11 children, stated in her testimony before the commission that in addition to the rearing of children, making their clothes, and doing the work of the house, she always helped with the crops, working up to within three or four months before children were born, and that during all the years of her married life she had had no ready-made dresses and only three hats. The investigations of this commission in that rich and generally prosperous section of the country only confirm and accentuate the statements of the Federal Industrial Commission which reported in 1902:

The result of this system [share tenancy] is that the renters rarely if ever succeed in laying by a surplus. On the contrary, their experiences are so discouraging that they seldom remain on the same farm for more than a year. They are not only unable to lay by any money, but their children remain uneducated and half clothed. The system is apparently one of the most undesirable, so far as its effect on the community is concerned.¹

Similarly, the Public Lands Commission reported in 1905:

There exists and is spreading in the West a tenant or hired labor system which not only represents a relatively low industrial development, but whose further development carries with it a most serious threat. Politically, socially, and economically this system is indefensible.

The condition of agricultural laborers can not, however, be dismissed without referring to the development of huge estates which are operated by managers with hired labor on what may properly be called a "factory system." The conditions upon such estates are deplorable, not only because of the extremely low wages paid (80 cents per day in the case of one which was carefully investigated), but even more because these estates, embracing within their boundaries entire counties and towns, are a law unto themselves and the absolute dictators of the lives, liberties, and happiness of their employees. It is industrial feudalism in an extreme form. Such estates are, as a rule, the property of absentee landlords, who are for the most part millionaires, resident in the eastern States or in Europe.

EXISTING RELATIONS BETWEEN EMPLOYERS AND EMPLOYEES.

Considering the whole field of American industry, there are almost infinite variations of relationship between employers and employees, ranging from the individual worker hired by a single employer, as

¹ Reports of the Industrial Commission, Vol. XIX, 1902, p. 98.

in domestic service and agriculture, to the huge corporation with a hundred thousand stockholders and a quarter of a million employees. Relationship varies from that of direct contact to a situation where the employee, together with thousands of his fellow workers, is separated by hundreds of miles from the individuals who finally control his employment and of whose existence he is usually entirely ignorant.

A thorough discussion of the relationships which exist under these various forms of industrial organization would be not only tedious, but useless for all practical purposes. The typical form of industrial organization is the corporation. In transportation approximately 100 per cent of the wage earners are employed by corporations; in mining, 90 per cent; and in manufacturing, 75 per cent. Moreover, it is under this form that the great problems of industrial relations have developed.

The actual relationship which exists between employers and employees under the artificial conditions which characterize the corporate form of organization can not be understood without an analysis of the powers, functions, and responsibilities of the different elements which go to make up the typical corporation. The actual ownership of a corporation is vested in the stockholders and bondholders, whose only interest in the industry is represented by certificates upon the basis of which they expect the payment of interest or dividends at stated intervals.

The control of the property, as far as operation is concerned, rests finally with the stockholders, or with some particular class of stockholders whose shares entitle them to vote. The stockholders, however, act through the board of directors, who are usually elected in such a way that they represent only the dominant interest.¹ As far as the organization of the corporation is concerned, the principal function of the board of directors is to select the executive officials. These executive officials, either directly or indirectly, select the numerous superintendents, foremen, and petty bosses by whom the direct operation of the enterprise is managed and through whom all the workers are hired, discharged, and disciplined.

This is a skeleton of corporate organization. To understand its operations it is necessary to examine the functions and responsibilities of the different parts of the organization.

Theoretically and legally, the final control and responsibility rests with the stockholders, but in actual practice a very different situation is found. The relationship of stockholders to a corporation is anything but permanent: in a busy week on Wall Street the number of shares bought and sold in one of the great corporations will greatly exceed the total number of shares that are in existence. The stockholders as a class, therefore, have no guiding interests in the permanent efficiency of the corporation as regards either the preservation of its physical property or the maintenance of an efficient productive organization. Stocks are bought either as a speculation or as an investment, and in case either the physical property deteriorates or the productive organization tends to become inefficient, the well-informed stockholder generally takes no steps to correct the

¹ See the testimony of Mr. Jacob H. Schiff, Mr. Samuel Untermyer, and others upon this point.

condition, but merely throws his stock upon the market. This marks a very real and definite distinction from the actual ownership of a property or business which must be kept in good condition by its owner as regards both plant and organization. If all industries were owned and operated by individuals, there might be some reason to hope that generally satisfactory wages and physical conditions might be attained through the education of the owner to a realization that permanent success depended absolutely upon the maintenance of the plant in the best condition and the permanent satisfaction of the legitimate demands of the workers, but with the impersonal, remote, and irresponsible status of control by stock ownership, such a hope must be purely illusory. The ordinary stockholder in a large corporation actually occupies a less direct relationship to the corporation in which he is interested, has less knowledge of its actual operations, and less control over its management than the ordinary citizen has over local, State, and National Governments.

Boards of directors in theory are responsible for and would naturally be expected to maintain supervision over every phase of the corporation's management, but, as a matter of fact, we know that such supervision is maintained only over the financial phase of the business, controlling the acquisition of money to operate the business and distributing the profits. Actual direction generally exists only through the removal of executive officials who fail to deliver the expected profits, and through the appointment of their successors.¹

Upon the testimony of financiers representing, as directors, hundreds of corporations, the typical director of large corporations is not only totally ignorant of the actual operations of such corporations, whose properties he seldom, if ever, visits, but feels and exercises no responsibility for anything beyond the financial condition and the selection of executive officials. Upon their own statements, these directors know nothing and care nothing about the quality of the product, the condition and treatment of the workers from whose labor they derive their income, nor the general management of the business.²

As far as operation and actual management are concerned, the executive officials are practically supreme. Upon their orders production is increased or decreased, plants are operated or shut down, and upon their recommendations wages are raised or lowered. But even they have little direct contact with the actual establishment of working conditions, and no relation at all with the rank and file of the workers. They act upon the recommendations of superintendents, whose information comes from their assistants and foremen, and from the elaborate statistics of modern business, which account for every piece of material and product, show the disposition of every penny that comes and goes, but ignore as though they did not exist the men and women whose labor drives the whole mechanism of business.

Here, then, is the field of industrial relations: Masses of workers on the one side dealing in some manner with foremen and superintendents on the other, behind whom is an organization of execu-

¹ See especially the testimony of Messrs. J. P. Morgan, John D. Rockefeller, Jr., and August Belmont upon this point.

² See the testimony of Messrs. Jacob H. Schiff, Daniel Guggenheim, Roger W. Babson, and John D. Rockefeller, Jr.

tive officials, representing in turn the board of directors, who are the chosen representatives of the stockholders.

The crux of the whole question of industrial relations is: Shall the workers for the protection of their interests be organized and represented collectively by their chosen delegates, even as the stockholders are represented by their directors and by the various grades of executive officials and bosses?

In considering this issue the first question that presents itself is, Why should such representation be demanded, as a necessity? Not only are the executive officials, superintendents and bosses, some witnesses have urged before the commission, for the most part humane and well-intentioned men, but they know that the interests of the business depend upon the welfare of the workers and, if unhindered, will pay the best wages and create the best working conditions that the business can afford. Organization and representation are therefore argued to be unnecessary and tending only to promote friction and interfere with the management of the business.

Let us grant the high character and good intentions of officials and consider the statement of the workers in reply.

They say that in modern corporate business the actions of officials are governed not by their personal intentions, but by the inexorable demands for interest and dividends, and are driven not by their desire to create a permanently successful business with a contented labor force, but by the never-relaxed spur of the comparative cost sheet. The constant demand is for high production at low cost, not through improvements and good conditions which might give them next year, but this very month. In the high pressure of business every superintendent knows that if his plant is at the bottom of the comparative scale for two months his position topples, and if for three months it is virtually gone. He can not afford to experiment with changes that will not give immediate results. If he were his own master he might take a chance, knowing that the loss of this year would be compensated by gains under better conditions next year, but the monthly cost sheet does not wait for next year; it demands results now.

But it may be said that if he can not improve conditions himself he can at least recommend them to his superiors, to be transmitted to the board of directors for approval. This might indeed be done, and with the extension of an understanding among managers that low-production costs may be secured with high wages, probably would be to an increasing extent, except that boards of directors scorn such abstractions as the high-wage-low-cost theory and habitually insist that managers shall buy labor, as they buy material, in the cheapest market. Moreover, raising wages is traditionally unpopular among stockholders and directors, and recommendations for better conditions, particularly if they involve new capital, are frowned upon.¹ Neither the stockholders nor the directors have to live on wages or work in the existing surroundings, and profits deferred are considered profits lost.

The workers, therefore, deny the potency of even good intentions on the part of managers and point to labor history, which they

¹ See the discussion in the 1915 stockholders' meeting of the United States Steel Corporation which was devoted almost exclusively to the question whether the corporation, at an expense of a few thousand dollars, should continue to send a copy of the annual report to each stockholder of record.

allege shows that at best only isolated cases can be pointed out where marked improvements have taken place except in response to repeated demands from the workers or to forestall the growth of threatened organization. They point also to such facts as that children of 12 years or younger were not only employed in the factories (as they still are in some States where there has been little aggressive agitation), but almost without exception were insisted upon by the employers as a necessity.

The evidence of this character, which is summarized elsewhere, seems to be conclusive of the necessity for organization and representation under modern business conditions. But even if it were not necessary it is difficult to see any reason why what is demanded and required by stockholders should be denied to workers. It would be as illogical for stockholders individually to attempt to deal with the representatives of the unions as it is for the individual worker to attempt to deal with executive officials representing the organized stockholders.

CAUSES OF INDUSTRIAL UNREST.

It is presumed that Congress had in mind, in directing the commission to inquire into the "causes of dissatisfaction in the industrial situation," something far different from that "dissatisfaction with the present which is the hope of the future," that desire for better things which drives men forever forward. Such dissatisfaction is the mainspring of all progress and is to be desired in every nation in all walks of life.

It is believed that Congress intended the inquiry to be directed to that unrest and dissatisfaction which grows out of the existence of intolerable industrial conditions and which, if unrelieved, will in the natural course of events rise into active revolt or, if forcibly suppressed, sink into sullen hatred.

Of the existence of such unrest ample evidence has been found. It is the basis of the establishment and growth of the I. W. W., whose card-carrying members number only a few thousands, but which as "a spirit and a vocabulary" permeates to a large extent enormous masses of workers, particularly among the unskilled and migratory laborers. But entirely apart from those who accept its philosophy and creed, there are numberless thousands of workers, skilled and unskilled, organized and unorganized, who feel bitterly that they and their fellows are being denied justice, economically, politically, and legally. Just how widespread this feeling is or whether there is imminent danger of a quickening into active, nation-wide revolt, none can say. But no one who reads the papers from which the workers get their ideas and inspiration; no one who has studied with care the history of such strikes as those at Lawrence and Paterson, in West Virginia and Colorado, and has understood the temper of the strikers; no one who has associated with large numbers of workers in any part of the country, can fail to be impressed by the gravity of the situation.

This sense of tension and impending danger has been expressed by numerous witnesses before the commission, but by none more forcibly than by Mr. Daniel Guggenheim, a capitalist whose interests in mines and industrial plants extend to every part of the country.

* Chairman WALSH. What do you think has been accomplished by the philanthropic activities of the country in reducing suffering and want among the people?

Mr. GUGGENHEIM. There has a great deal been done. If it were not for what has been done and what is being done, we would have revolution in this country.

The sources from which this unrest springs are, when stated in full detail, almost numberless. But upon careful analysis of their real character they will be found to group themselves almost without exception under four main sources which include all the others. The four are:

1. Unjust distribution of wealth and income.
2. Unemployment and denial of an opportunity to earn a living.
3. Denial of justice in the creation, in the adjudication, and in the administration of law.
4. Denial of the right and opportunity to form effective organizations.

1. UNJUST DISTRIBUTION OF WEALTH AND INCOME.

The conviction that the wealth of the country and the income which is produced through the toil of the workers is distributed without regard to any standard of justice is as widespread as it is deep-seated. It is found among all classes of workers and takes every form from the dumb resentment of the day laborer, who, at the end of a week's back-breaking toil finds that he has less than enough to feed his family while others who have done nothing live in ease, to the elaborate philosophy of the "soap-box orator," who can quote statistics unendingly to demonstrate his contentions. At bottom, though, there is the one fundamental, controlling idea that income should be received for service and for service only, whereas, in fact, it bears no such relation, and he who serves least, or not at all, may receive most.

This idea has never been expressed more clearly than in the testimony of Mr. John H. Walker, president of the Illinois State Federation of Labor:

A workingman is not supposed to ask anything more than a fair day's wage for a fair day's work; he is supposed to work until he is pretty fairly tuckered out, say eight hours, and when he does a fair day's work he is not supposed to ask for any more wages than enough to support his family, while with the business man the amount of labor furnishes no criterion for the amount they receive. People accept it as all right if they do not do any work at all, and accept it as all right that they get as much money as they can; in fact, they are given credit for getting the greatest amount of money with the least amount of work; and those things that are being accepted by the other side as the things that govern in every-day life, and as being right, have brought about this condition, this being in my judgment absolutely unfair; that is, on the merits of the proposition in dealing with the workers.

The workers feel this, some unconsciously and some consciously, but all of them feel it, and it makes for unrest, in my judgment, and there can be no peace while that condition obtains.

In the highest paid occupations among wage earners, such as railroad engineers and conductors, glass blowers, certain steel-mill employees, and a few of the building trades, the incomes will range from \$1,500 to \$2,000 at best, ignoring a few exceptional men who are paid for personal qualities. Such an income means, under present-day conditions, a fair living for a family of moderate size, education of the children through high school, a small insurance policy,

a bit put by for a rainy day—and nothing more. With unusual responsibilities or misfortunes, it is too little, and the pinch of necessity is keenly felt. To attain such wages, moreover, means that the worker must be far above the average, either in skill, physical strength, or reliability. He must also have served an apprenticeship equal in length to a professional course. Finally, and most important, he or his predecessors in the trade must have waged a long, aggressive fight for better wages, for there are other occupations whose demand for skill, strength, and reliability are almost as great as those mentioned, where the wages are very much less.

These occupations, however, include but a handful compared to the mass of the workers. What do the millions get for their toil, for their skill, for the risk of life and limb? That is the question to be faced in an industrial nation, for these millions are the backbone and sinew of the State, in peace or in war.

First, with regard to the adult workmen, the fathers and potential fathers, from whose earnings, according to the "American standard," the support of the family is supposed to be derived.

Between one-fourth and one-third of the male workers 18 years of age and over, in factories and mines, earn less than \$10 per week; from two-thirds to three-fourths earn less than \$15, and only about one-tenth earn more than \$20 a week. This does not take into consideration lost working time for any cause.

Next are the women, the most portentously growing factor in the labor force, whose wages are important, not only for their own support or as the supplement of the meager earnings of their fathers and husbands, but because, through the force of competition in a rapidly extending field, they threaten the whole basis of the wage scale. From two-thirds to three-fourths of the women workers in factories, stores and laundries, and in industrial occupations generally, work at wages of less than \$8 a week. Approximately one-fifth earn less than \$4 and nearly one-half earn less than \$6 a week.

Six dollars a week—what does it mean to many? Three theater tickets, gasoline for the week, or the price of a dinner for two; a pair of shoes, three pairs of gloves, or the cost of an evening at bridge. To the girl it means that every penny must be counted, every normal desire stifled, and each basic necessity of life barely satisfied by the sacrifice of some other necessity. If more food must be had than is given with 15-cent dinners, it must be bought with what should go for clothes; if there is need for a new waist to replace the old one at which the forewoman has glanced reproachfully or at which the girls have giggled, there can be no lunches for a week and dinners must cost 5 cents less each day. Always too the room must be paid for, and back of it lies the certainty that with slack seasons will come lay-offs and discharges. If the breaking point has come, and she must have some amusement, where can it come from? Surely not out of \$6 a week.

Last of all are the children, for whose petty addition to the stream of production the Nation is paying a heavy toll in ignorance, deformity of body or mind, and premature old age. After all, does it matter much what they are paid? For all experience has shown that in the end the father's wages are reduced by about the amount that the children earn. This is the so-called "family wage," and examination of the wages in different industries corroborates the theory

that in those industries, such as textiles, where women and children can be largely utilized, the wages of men are extremely low.

The competitive effect of the employment of women and children upon the wages of men, can scarcely be overestimated. Surely it is hard enough to be forced to put children to work, without having to see the wages of men held down by their employment.

This is the condition at one end of the social scale. What is at the other?

Massed in millions, at the other end of the social scale, are fortunes of a size never before dreamed of, whose very owners do not know the extent nor, without the aid of an intelligent clerk, even the sources of their incomes. Incapable of being spent in any legitimate manner, these fortunes are burdens, which can only be squandered, hoarded, put into so-called "benefactions" which, for the most part, constitute a menace to the State, or put back into the industrial machine to pile up ever-increasing mountains of gold.

In many cases, no doubt, these huge fortunes have come, in whole or in part, as the rich reward of exceptional service. None would deny or envy him who has performed such service the richest of rewards, although one may question the ideals of a Nation which rewards exceptional service only by burdensome fortunes. But such reward can be claimed as a right only by those who have performed service, not by those who through relationship or mere parasitism chance to be designated as heirs. Legal right, of course, they have by virtue of the law of inheritance, which, however, runs counter to the whole theory of American society, and which was adopted, with important variations, from the English law, without any conception of its ultimate results and apparently with the idea that it would prevent exactly the condition which has arisen. In effect the American law of inheritance is as efficient for the establishment and maintenance of families as is the English law, which has bulwarked the British aristocracy through the centuries. Every year, indeed, sees this tendency increase, as the creation of "estates in trust" secures the ends which might be more simply reached if there were no prohibition of "entail." According to the income-tax returns for 10 months of 1914, there are in the United States 1,598 fortunes yielding an income of \$100,000 or more per year. Practically all of these fortunes are so invested and hedged about with restrictions upon expenditure that they are, to all intents and purposes, perpetuities.

An analysis of 50 of the largest American fortunes shows that nearly one-half have already passed to the control of heirs or to trustees (their vice regents) and that the remainder will pass to the control of heirs within 20 years, upon the deaths of the "founders." Already, indeed, these founders have almost without exception retired from active service, leaving the management ostensibly to their heirs but actually to executive officials upon salary.

We have, according to the income-tax returns, 44 families with incomes of \$1,000,000 or more,¹ whose members perform little or no useful service, but whose aggregate incomes, totaling at the very least \$50,000,000 per year, are equivalent to the earnings of 100,000 wage earners at the average rate of \$500.

The ownership of wealth in the United States has become concentrated to a degree which is difficult to grasp. The recently published

¹ The income tax statistics, as a matter of fact, cover only a period of 10 months in 1914.

researches of a statistician of conservative views¹ have shown that as nearly as can be estimated the distribution of wealth in the United States is as follows:

The "rich," 2 per cent of the people, own 60 per cent of the wealth.

The "middle class," 33 per cent of the people, own 35 per cent of the wealth.

The "poor," 65 per cent of the people, own 5 per cent of the wealth.

This means in brief that a little less than 2,000,000 people, who would make up a city smaller than Chicago, own 20 per cent more of the Nation's wealth than all the other 90,000,000.

The figures also show that with a reasonably equitable division of wealth, the entire population should occupy the position of comfort and security which we characterize as middle class.

The actual concentration has, however, been carried very much further than these figures indicate. The largest private fortune in the United States, estimated at \$1,000,000,000, is equivalent to the aggregate wealth of 2,500,000 of those who are classed as "poor," who are shown in the studies cited to own on the average about \$100 each.

Between the two extremes of superfluity and poverty is the large middle class—farmers, manufacturers, merchants, professional men, skilled artisans, and salaried officials—whose incomes are more or less adequate for their legitimate needs and desires, and who are rewarded more or less exactly in proportion to service. They have problems to meet in adjusting expenses to income, but the pinch of want and hunger is not felt, nor is there the deadening, devitalizing effect of superfluous, unearned wealth.

From top to bottom of society, however, in all grades of incomes, are innumerable number of parasites of every conceivable type. They perform no useful service, but drain off from the income of the producers a sum whose total can not be estimated.

This whole situation has never been more accurately described than by Hon. David Lloyd-George in an address on "Social waste":

I have recently had to pay some attention to the affairs of the Sudan, in connection with some projects that have been mooted for irrigation and development in that wonderful country. I will tell you what the problem is—you may know it already. Here you have a great, broad, rich river upon which both the Sudan and Egypt depend for their fertility. There is enough water in it to fertilize every part of both countries; but if, for some reason or other, the water is wasted in the upper regions, the whole land suffers sterility and famine. There is a large region in the upper Sudan where the water has been absorbed by one tract of country, which, by this process, has been converted into a morass, breeding nothing but pestilence. Properly and fairly husbanded, distributed, and used, there is enough to fertilize the most barren valley and make the whole wilderness blossom like the rose.

That represents the problem of civilization, not merely in this country but in all lands. Some men get their fair share of wealth in a land and no more—sometimes even the streams of wealth overflow to waste over some favored regions, often producing a morass, which poisons the social atmosphere. Many have to depend on a little trickling runlet, which quickly evaporates with every commercial or industrial drought; sometimes you have masses of men and women whom the flood at its height barely reaches, and then you witness parched specimens of humanity, withered, hardened in misery, living in a desert where even the well of tears has long ago run dry.

¹ Prof. Willard I. King, *The Wealth and Income of the People of the United States*.

Besides the economic significance of these great inequalities of wealth and income, there is a social aspect which equally merits the attention of Congress. It has been shown that the great fortunes of those who have profited by the enormous expansion of American industry have already passed, or will pass in a few years, by right of inheritance to the control of heirs or to trustees who act as their "vice regents." They are frequently styled by our newspapers "monarchs of industry," and indeed occupy within our Republic a position almost exactly analogous to that of feudal lords.

These heirs, owners only by virtue of the accident of birth, control the livelihood and have the power to dictate the happiness of more human beings than populated England in the Middle Ages. Their principalities, it is true, are scattered and, through the medium of stock ownership, shared in part with others; but they are none the less real. In fact, such scattered invisible industrial principalities are a greater menace to the welfare of the Nation than would be equal power consolidated into numerous petty kingdoms in different parts of the country. They might then be visualized and guarded against; now their influence invisibly permeates and controls every phase of life and industry.

"The king can do no wrong," not only because he is above the law but because every function is performed or responsibility assumed by his ministers and agents. Similarly our Rockefellers, Morgans, Fricks, Vanderbilts, and Astors can do no industrial wrong, because all effective action and direct responsibility is shifted from them to the executive officials who manage American industry. As a basis for this conclusion we have the testimony of many, among which, however, the following statements stand out most clearly:

Mr. John D. Rockefeller, jr.:¹

* * * Those of us who are in charge there elect the ablest and most upright and competent men whom we can find, in so far as our interests give us the opportunity to select, to have the responsibility for the conduct of the business in which we are interested as investors. We can not pretend to follow the business ourselves.

Mr. J. Pierpont Morgan:

Chairman WALSH. In your opinion, to what extent are the directors of corporations responsible for the labor conditions existing in the industries in which they are the directing power?

Mr. MORGAN. Not at all I should say.

The similitude, indeed, runs even to mental attitude and phrase. Compare these two statements:

Mr. John D. Rockefeller, jr.:

My appreciation of the conditions surrounding wage earners and my sympathy with every endeavor to better these conditions are as strong as those of any man.

Louis XVI:

There is none but you and me that has the people's interest at heart. ("Il n'y a que vous et moi aimons le peuple.")

The families of these industrial princes are already well established and are knit together not only by commercial alliances but by a network of intermarriages which assures harmonious action whenever their common interest is threatened.

¹ Before congressional investigating committee.

Effective action by Congress is required, therefore, not only to readjust on a basis of compensation approximating the service actually performed, the existing inequalities in the distribution of wealth and income, but to check the growth of an hereditary aristocracy, which is foreign to every conception of American Government and menacing to the welfare of the people and the existence of the Nation as a democracy.

The objects to be attained in making this readjustment are: To reduce the swollen, unearned fortunes of those who have a superfluity; to raise the underpaid masses to a level of decent and comfortable living; and at the same time to accomplish this on a basis which will, in some measure, approximate the just standard of income proportional to service.

The discussion of how this can best be accomplished forms the greater part of the remainder of this report, but at this point it seems proper to indicate one of the most immediate steps which need to be taken.

It is suggested that the commission recommend to Congress the enactment of an inheritance tax, so graded that, while making generous provision for the support of dependents and the education of minor children, it shall leave no large accumulation of wealth to pass into hands which had no share in its production.¹ The revenue from this tax, which we are informed would be very great, should be reserved by the Federal Government for three principal purposes:

1. The extension of education.
2. The development of other important social services which should properly be performed by the Nation, which are discussed in detail elsewhere.
3. The development, in cooperation with States and municipalities, of great constructive works, such as road building, irrigation, and reforestation, which would materially increase the efficiency and welfare of the entire Nation.

We are informed by counsel not only that such a tax is clearly within the power of Congress, but that upon two occasions, namely, during the Civil War and in 1898, such graded inheritance taxes were enacted with scarcely any opposition and were sustained by the Supreme Court, which held that the inheritance tax was not a direct tax within the meaning of the Constitution. We are aware that similar taxes are levied in the various States, but the conflict with such State taxes seems to have presented little difficulty during the period in which the tax of 1898 was in effect. Under any circumstances this need cause no great complication, as the matter could be readily adjusted by having the Federal Government collect the entire tax and refund a part to the States on an equitable basis.

There is no legislation which could be passed by Congress the immediate and ultimate efforts of which would be more salutary or would more greatly assist in tempering the existing spirit of unrest.

2. UNEMPLOYMENT AND DENIAL OF OPPORTUNITY TO EARN A LIVING.

As a prime cause of a burning resentment and a rising feeling of unrest among the workers, unemployment and the denial of an op-

¹ It is suggested that the rates be so graded that not more than \$1,000,000 shall pass to the heirs. This can be equitably accomplished by several different gradations of taxation.

portunity to earn a living is on a parity with the unjust distribution of wealth. They may on final analysis prove to be simply the two sides of the same shield, but that is a matter which need not be discussed at this point. They differ in this, however, that while unjust distribution of wealth is a matter of degree, unemployment is an absolute actuality, from which there is no relief but soul-killing crime and soul-killing charity.

To be forced to accept employment on conditions which are insufficient to maintain a decent livelihood is indeed a hardship, but to be unable to get work on any terms whatever is a position of black despair.

A careful analysis of all available statistics shows that in our great basic industries the workers are unemployed for an average of at least one-fifth of the year, and that at all times during any normal year there is an army of men, who can be numbered only by hundreds of thousands, who are unable to find work or who have so far degenerated that they can not or will not work. Can any nation boast of industrial efficiency when the workers, the source of her productive wealth, are employed to so small a fraction of their total capacity?

Fundamentally, this unemployment seems to rise from two great causes, although many others are contributory. First, the inequality of the distribution of income which leaves the great masses of the population (the true ultimate consumers) unable to purchase the products of industry which they create, while a few have such a superfluity that it can not be normally consumed but must be invested in new machinery for production or in the further monopolization of land and natural resources. The result is that in mining and other basic industries we have an equipment in plant and developed property far in excess of the demands of any normal year, the excess being, in all probability, at least 25 per cent. Each of these mines and industrial plants keeps around it a labor force which, on the average, can get work for only four-fifths of the year, while at the same time the people have never had enough of the products of those very industries—have never been adequately fed, clothed, housed, nor warmed—for the very simple reason that they have never been paid enough to permit their purchase.

The second principal cause lies in the denial of access to land and natural resources even when they are unused and unproductive, except at a price and under conditions which are practically prohibitive. This situation, while bound up with the land and taxation policies of our States and Nation, also rests fundamentally upon the unjust distribution of wealth. Land or mineral resources in the hands of persons of average income must and will be used either by their original owners or by some more enterprising person. By the overwhelming forces of economic pressure, taxation, and competition they can not be permitted to lie idle if they will produce anything which the people need. Only in the hands of large owners—free from economic pressure, able to evade or minimize the effects of taxation and to await the ripening of the fruits of unearned increment—can land be held out of use if its products are needed.

There can be no more complete evidence of the truth of this statement than the condition of the farms of 1,000 acres and over, which, valued at two and one-third billion dollars, comprise 19 per cent of all the farm land of the country and are held by less than 1 per cent

of the farm owners. The United States census returns show that in these 1,000-acre farms only 18.7 per cent of the land is cultivated as compared with 60 to 70 per cent in farms of from 50 to 499 acres. Furthermore, it is well known that the greater part of these smaller farms which are left uncultivated are held by real estate men, bankers, and others who have independent sources of income. More than four-fifths of the area of the large holdings is being held out of active use by their 50,000 owners, while 2,250,000 farmers are struggling for a bare existence on farms of less than 50 acres, and an untold number who would willingly work these lands are swelling the armies of the unemployed in the cities and towns.

A basic theory of our Government, which found expression in the homestead acts, was that every man should have opportunity to secure land enough to support a family. If this theory had been carried out and homesteads had either gone to those who would use them productively or remained in the hands of the Government, we should not yet have a problem of such a character. But these acts were evaded; land was stolen outright by wholesale, and fraudulent entries were consolidated into enormous tracts which are now held by wealthy individuals and corporations.

The Public Lands Commission, after an exhaustive inquiry, reported in 1905:

Detailed study of the practical operation of the present land laws shows that their tendency far too often is to bring about land monopoly rather than to multiply small holdings by actual settlers.

* * * Not infrequently their effect is to put a premium on perjury and dishonest methods in the acquisition of land. It is apparent, in consequence, that in very many localities, and perhaps in general, a larger proportion of the public land is passing into the hands of speculators than into those of actual settlers making homes. * * * Nearly everywhere the large landowner has succeeded in monopolizing the best tracts, whether of timber or agricultural lands.

To one who has not read the preceding statements carefully there may seem to be a contradiction in proposing to prevent great capitalists from creating an excess of productive machinery and over-developing mineral resources while pointing out the necessity of forcing land and other natural resources into full and effective use by the people. The two propositions are, as a matter of fact, as fundamentally distinct as monopoly and freedom. The capitalist increases his holdings in productive machinery and resources only because through monopolization and maintenance of prices he hopes to reap rewards for himself or increase his power, while the aim in desiring the full development of land and other resources by the people is that they, producing for themselves, may enjoy a sufficiency of good things and exchange them for the products of others, and thus reduce to a minimum the condition of unemployment.

There are, of course, many other causes of unemployment than the inequality of wealth and the monopolization of land which there is no desire to minimize. Chief among these are immigration, the inadequate organization of the labor market, the seasonal character of many industries, and the personal deficiencies of a very large number of the unemployed. It can not be denied that a considerable proportion of the men who fill the city lodging houses in winter are virtually unemployables as a result of weakness of character, lack

of training, the debasing effects of lodging-house living and city dissipation, and, last but not least, the conditions under which they are forced to work in the harvest fields and lumber, railroad, and construction camps. The seasonal fluctuations of our industries are enormous, employing hundreds of thousands during the busy season and throwing them out on the community during the dull season, and almost nothing has been done to remedy this condition. It would be difficult to imagine anything more chaotic and demoralizing than the existing methods of bringing workmen and jobs together. Certain measures for dealing with these conditions, which are discussed elsewhere in the report, need to be pushed forward with all possible vigor. But it may be confidently predicted that the unemployment situation will not be appreciably relieved until great advances have been made in the removal of the two prime causes—unjust distribution of wealth and monopolization of land and natural resources.

The most direct methods of dealing with the inequality of wealth have already been briefly discussed and will be considered elsewhere in the report. With respect to the land question, however, the following basic suggestions are submitted:

1. Vigorous and unrelenting prosecutions to regain all land, water power, and mineral rights secured from the Government by fraud.

2. A general revision of our land laws, so as to apply to all future land grants the doctrine of "superior use," as in the case of water rights in California, and provision for forfeiture in case of actual nonuse. In its simplest form the doctrine of "superior use" implies merely that at the time of making the lease the purpose for which the land will be used must be taken into consideration, and the use which is of greatest social value shall be given preference.

3. The forcing of all unused land into use by making the tax on nonproductive land the same as on productive land of the same kind and exempting all improvements.

Other measures for dealing with unemployment are discussed under that head on pages 103-115.

The unemployed have aptly been called "the shifting sands beneath the State." Surely there is no condition which more immediately demands the attention of Congress than that of unemployment, which is annually driving hundreds of thousands of otherwise productive citizens into poverty and bitter despair, sapping the very basis of our national efficiency, and germinating the seeds of revolution.

3. DENIAL OF JUSTICE.

No testimony presented to the commission has left a deeper impression than the evidence that there exists among the workers an almost universal conviction that they, both as individuals and as a class, are denied justice in the enactment, adjudication, and administration of law, that the very instruments of democracy are often used to oppress them and to place obstacles in the way of their movement toward economic, industrial, and political freedom and justice. Many witnesses, speaking for millions of workers as well as for themselves, have asserted with the greatest earnestness that the mass of the workers are convinced that laws necessary for their protection against the most grievous wrongs can not be passed except after long and exhausting struggles; that such beneficent meas-

ures as become laws are largely nullified by the unwarranted decisions of the courts; that the laws which stand upon the statute books are not equally enforced; and that the whole machinery of Government has frequently been placed at the disposal of the employers for the oppression of the workers; that the Constitution itself has been ignored in the interests of the employers; and that constitutional guaranties erected primarily for the protection of the workers have been denied to them and used as a cloak for the misdeeds of corporations.

If it be true that these statements represent the opinions of the mass of American workers, there is reason for grave concern, for there are 25,000,000 of them, of whom 3,000,000 are welded together into compact organizations.

But if it be true that these charges are justified; if, in fact, our legislators, our judges, and executives, do not afford equal consideration to the workers and are concerned with protecting the rights of property rather than the rights of men, and at times even become the instruments for the oppression of the poor and humble, then the situation demands and must receive the prompt and decisive action of every right-thinking man in order that these evils may be eradicated and justice and liberty established in the place of injustice and oppression.

Before examining the evidence, it should be understood that it is not charged that such acts of injustice are universal, but that they occur so frequently and in such diverse parts of the country that any man may reasonably fear that he himself or those with whom he is associated may at any time be the victim of injustice or discrimination. It has been urged, and perhaps properly, that the charges would be sustained if it were found that such acts of injustice had been committed only upon rare occasions, if it should also be established that such injustices were allowed to stand without redress, and if those who were guilty of their commission were left unimpeached and unpunished.

An enormous mass of evidence bearing upon these charges has been presented to the commission by witnesses or collected by its staff. This material is presented in some detail in another part of the report, but the summary which follows may be regarded as reasonably full and exact.

First, with regard to the enactment of laws, it is charged that the workers have been unable to secure legislation to protect them against grievous wrongs, except after exhausting struggles against overwhelming odds and against insidious influences.

The evidence bearing upon this question has dealt with the history of three principal lines of legislation in which the evils sought to be remedies are now universally admitted to have been very great, involving wanton destruction of life, the exploitation of women and children, and the practical enslavement of American seamen. A careful examination has been made of the history of attempts to secure adequate legislation to prevent child labor, to protect women against extreme hours of labor and night work, to secure the safety of factories, railroads, and mines, and to provide for the safety, comfort, and liberty of seamen.

The history of child-labor legislation shows that although agitation for the protection and education of children began during the

early part of the nineteenth century in Massachusetts, Rhode Island, Connecticut, New York, and Pennsylvania, no adequate legislation was obtained until nearly the end of the century. Time after time in each of these industrial States the sentiment of the public was aroused, organization was effected, and well-drafted bills were introduced only to be killed in committee, emasculated or killed on the floor of the legislature, or passed with exceptions which rendered them entirely ineffective. Even the attempt to reduce the hours of children below 12 per day was bitterly contested and met by every known trick of legislative chicanery. The whole history of the contest for adequate child-labor legislation is even now being repeated in some of the Southern States, where laws prohibiting the employment of children are bitterly contested and beaten session after session by legislators, unsympathetic or controlled by the cotton-mill interests.

Similarly, although the movement to restrict the working hours of women and to prohibit night work began in Massachusetts and Pennsylvania as early as 1840, the first legislation limiting the hours was the 10-hour bill passed in Massachusetts in 1874, and night work went unregulated until the passage of the act of 1899 in Nebraska.¹

The movement for safety of life and limb in the factories and workshops, although pushed with great vigor in almost every session of the State legislatures after 1880, secured only a few acts providing for such obvious matters as the guarding of set screws and gears, but made practically no provision for their enforcement. No really effective action to promote safety took place until, after many years of hard fighting, the first workmen's compensation acts were passed between 1900 and 1910, which for the first time made the unsafe condition of factories directly expensive.

Even upon the railroads, where the safety of the public as well as of the workers was involved, at least 10 years of constant agitation on the part of the railroad brotherhoods and various interested citizens was necessary before the first Federal act providing for safety appliances was passed in 1893.

In the case of the movement to secure the safety, comfort, and liberty of seamen, it is a matter of record that Andrew Furnseth, president of the seamen's union, backed not only by all the members of his own organization but by the entire American labor movement, attended each session of Congress and devoted his whole energies to securing legislation upon this subject for the entire period of 22 years from 1893 to 1915, when the seamen's bill finally became a law.

Other evidence has been presented covering the long fights to secure legislation to remove the evils of company stores, payment in scrip, prison labor, arbitrary deductions from wages, "sweating," tenement houses, and a number of other matters upon which ade-

¹ It is worthy of note that although the decision on the Massachusetts law was favorable and thus established a precedent (*Commonwealth v. Hamilton Mfg. Co.*, 120 Mass., 383), it was thrown aside by the Illinois court in 1906 in holding unconstitutional a law of that State prescribing an 8-hour day for women (*Ritchie v. People*, 155 Ill., 98), and it was not until 1910 that the same court accepted a 10-hour law as constitutional (*Ritchie v. Wyman*, 244 Ill., 599). The Nebraska statute limited the hours of women to 10 a day and prohibited night work between the hours of 10 p. m. and 6 a. m., but the first case did not raise the question of night work (*Wenham v. State*, 65 Neb., 394). In New York, however, a statute regulating night work was held unconstitutional in 1907 (*People v. Williams*, 189 N. Y., 131, and it was not until the present year that a similar law was sustained (*People v. Schweinler Press*, 214 N. Y., 395).

quate legislation has not yet been secured, except perhaps in a few States, although there has been unremitting agitation upon these questions for more than half a century. This evidence shows clearly that the workers have just grounds for the charge that the legislatures have been criminally slow in acting for the relief of grievous wrongs and have used every subterfuge to escape adequate and aggressive action, even while thousands of men, women, and children were being killed, maimed, or deformed as a result of their negligence.

Evidence has further been presented to show that such a condition has not been the result entirely of the complacency or slothfulness of legislators, but that powerful influences have been at work to prevent such remedial legislation. The most convincing evidence presented upon this phase of the question is the record of the National Association of Manufacturers and its allied organizations, as contained in the testimony and findings before congressional committees,¹ in the printed reports of that association and in the testimony before the commission of the representatives of various State employers' associations. The substance of this evidence is so well known to Congress and to the public that it is necessary here to call attention only to the fact that the efforts of such associations in preventing the enactment of practically all legislation intended to improve the condition or advance the interests of workers were not confined to Congress, but were even more effective in the State legislatures.

The persistent and bitter manner in which the railroads fought the laws providing for safety appliances, although the measures were moderate and necessary, not only for the safety of the traveling public, but for the efficient operation of the roads, is well known to Congress.

Perhaps the most significant statement regarding the insidious influences of this character is contained in a letter from Mr. L. M. Bowers, chairman of the board of directors of the Colorado Fuel & Iron Co., to the Secretary of Mr. John D. Rockefeller, jr., under date of May 13, 1913:

The Colorado Fuel & Iron Co. for many years were accused of being the political dictator of southern Colorado, and, in fact, were a mighty power in the entire State. When I came here it was said that the C. F. & I. Co. voted every man and woman in their employ without any regard to their being naturalized or not, and even their mules, it used to be remarked, were registered if they were fortunate enough to possess names. Anyhow, a political department was maintained at a heavy expense. I had before me the contributions of the C. F. & I. Co. for the campaign of 1904, amounting to \$80,005, paid out personally by President Hearne. All the vouchers and checks I have examined personally, all of which were payable to Albert A. Miller, upon which he drew the currency and, it is said, handed the money over to Mr. Hearne, who paid it out. So far as I can discover, not one particle of good was accomplished for the company, but Mr. Hearne was an aspirant for the position of United States Senator and devoted a vast amount of time and money with this end in view, I have no doubt.

The company became notorious in many sections for their support of the liquor interests. They established saloons everywhere they possibly could.

¹ U. S. Senate Committee on Judiciary. Maintenance of a Lobby to Influence Legislation. Hearings before a subcommittee pursuant to S. Res. 92, 63d Cong., 1st sess.

Charges Against Members of the House and Lobby Activities of the National Association of Manufacturers of the United States and Others. Hearings before select committee of House of Representatives appointed under H. Res. 198, 63d Cong., 1st sess.

This department was managed by one John Kebler, a brother of the one-time president of the company, who died about the time I came here, a victim of his own intemperate habits. A sheriff, elected by the votes of the C. F. & I. Co. employees, and who has been kept in office a great many years, established himself or became a partner in 16 liquor stores in our coal mines. To clean up the saloons and with them the gambling hells and houses of prostitution has been one of the things that Mr. Welborn and I have devoted an enormous amount of time to during the past five years. The decent newspapers everlastingly lampooned the C. F. & I. Co. at every election, and I am forced to say the company merited, from a moral standpoint, every shot that was fired into their camp.

Since I came here not a nickel has been paid to any politician or political party. We have fought the saloons with all the power we possess. We have forbidden any politician from going into our camps, and every subordinate official connected with the company has been forbidden to influence our men to vote for any particular candidate. We have not lobbied in the legislature, but have gone directly to the governor and other able men and have demanded fair treatment.

Second, it is charged by the workers that after wholesome and necessary laws are passed they are in large part nullified by the courts either upon technicalities of a character which would not be held to invalidate legislation favorable to the interests of manufacturers, merchants, bankers, and other property owners, or thrown out on the broad ground of unconstitutionality, through strained or illogical construction of constitutional provisions. It is argued that such action is doubly evil, because the power to declare legislative acts unconstitutional has been assumed by the courts in the face of a complete absence of legal sanction, in complete disregard of early decisions denying the possession of such power, and in complete contrast to the practices of the courts in every other country of the civilized world. It is not within our province to decide whether or not this assumption of power by the courts was justified. It is sufficient here merely to examine the evidence bearing upon the allegations that laws necessary for the correction of grave industrial abuses are nullified by strained interpretations or for reasons which would be insufficient in other cases, and that they are held unconstitutional upon pretexts which in reality are the outgrowth of economic bias on the part of the judges.

A large number of decisions illustrating these points have been brought to the attention of the commission, but only a few need be cited here. It has been held, for example, even that statutes requiring dangerous machinery to be guarded may be disobeyed by the employer, and children employed about such unguarded machinery are held to have assumed the risk.² The same has been held regarding the employment of women.³

Many other cases might be cited on the question of strained interpretation,⁴ bearing out the assertion made by Justice Lurton, of

¹ This statement of Mr. Bowers should be considered in conjunction with his testimony that the evil influences created by the Colorado Fuel & Iron Co. were still in power and his admission that the company was deeply interested in the last State election and that 150 men were put into the field from his office alone to work for the candidates favored by the company, which was deeply interested in the election of officials who would vigorously prosecute the strikers. His letters narrating how the governor of Colorado was whipped into line should also be considered, as well as the testimony of Dr. E. S. Gaddis, former head of the sociological department of the Colorado Fuel & Iron Co., that officials openly influenced elections.

² *Higgins v. O'Keefe*, 79 Fed., 900; *White v. Wittemann Lith. Co.*, 131 N. Y., 631.

³ *Knisley v. Pratt*, 148 N. Y., 372.

⁴ *Nappa v. Erie Ry. Co.*, 195 N. Y., 176, 184; *Gallagher v. Newman*, 190 N. Y., 444, 447-448; *Cashman v. Chase*, 156 Mass., 342; *Quinian v. Lackawanna Steel Co.*, 107 A. D. 176, affirmed 191 N. Y., 329; *Flannigan v. N. Y. Contracting Co.*, 194 N. Y., 244.

the Federal Supreme Court, when, in a case not involving industrial relations, he says:

The judgment just rendered will have, as I think, the effect to defeat the clearly expressed will of the legislature by a construction of its words that can not be reconciled with their ordinary meaning.¹

Probably there are no other cases which have created so much bitterness as those of personal injury in which the plaintiffs have been denied recovery of damages on the principles of "fellow servant," "assumption of risk," and "contributory negligence," and the obstacles which have been created by the courts to prevent the removal of these defenses for the employer have served only to intensify the feeling. The contrast in attitude of the judges can not better be shown than by considering that while they have held each employee of a corporation responsible under these three principles not only for his own involuntary acts but for the physical condition of the entire property and the conduct of each of his fellow workers, they have repeatedly absolved officials, directors, and stockholders from responsibility for accidents, even when the unsafe condition of the property had been published, or when orders had been issued which were directly responsible for the accidents. It would hardly be an exaggeration to say that, if the courts had held officials and directors to as great a degree of responsibility as employees for the condition of the property and the actions of their agents, there is hardly one who would have escaped punishment for criminal negligence. According to the best estimates, approximately 35,000 persons were killed last year in American industry, and at least one-half of these deaths were preventable.² What would be the situation if the courts, following the clear logic of their own decisions, should hold the stockholders, directors, and officials criminally responsible for each of the 17,500 preventable deaths to which attention has time after time been directed?

That the courts, including even the highest tribunal of the Nation, do allow their economic bias to influence them in holding laws unconstitutional is nowhere more clearly expressed than in the dissenting opinion of Mr. Justice Holmes in the case of *Lochner v. New York*,³ wherein the right of the Legislature of New York to limit the hours of work in bakeries was involved. He said:

This case is decided upon an economic theory which a large part of the country does not entertain. If it were a question whether I agree with that theory [limiting the consecutive hours of labor in bakeries which may be required of an employee], I should desire to study it further and long before making up my mind. But I do not conceive that to be my duty, because I strongly believe that my agreement or disagreement has nothing to do with the right of a majority to embody their opinions in law.

* * * Some of these laws [referring to several which he has discussed] embody convictions or prejudices which judges are likely to share. Some may not, but a constitution is not intended to embody a particular economic theory, whether of paternalism and the organic relation of the citizen to the State, or of laissez faire. It is made for people of fundamentally differing views, and the accident of our finding certain opinions natural and familiar or novel, and even shocking, ought not to conclude our judgment upon the question whether statutes embodying them conflict with the Constitution of the United States.

¹ *Thompson v. Thompson*, 218 U. S., 611.

² Industrial Accident Statistics, Bul. Whole No. 157, U. S. Bureau of Labor Statistics, 1915.

³ *Lochner v. N. Y.*, 198 U. S., 45.

This statute of the State of New York, which had been sustained by the courts of New York, was thus held unconstitutional, we are assured by the highest possible authority, on the economic theories of five judges, whose bias is clearly reflected in the majority opinion. By that action not only were the bakers of New York deprived of all legal relief from the hardships of working long hours in underground bakeries, but the entire movement for relieving the condition of other workmen in similarly unhealthful occupations throughout the country was effectually checked for a decade. Can these judges, the workers ask, absolve themselves from responsibility for the thousands of lives which have been shortened as a result of their decisions, the ill health and suffering of other thousands who contracted disease as a result of unduly long exposure to bad conditions and a lack of sufficient fresh air and leisure? The provision of the Constitution which was held to be violated by this act was the fourteenth amendment, designed solely to protect the emancipated negroes.

The wide range of the labor laws declared unconstitutional may be seen from the following list, which includes only those cases which may be clearly understood from their titles:

LABOR LAWS DECLARED UNCONSTITUTIONAL.

- Requiring statement of cause of discharge.¹
- Prohibiting blacklisting.²
- Protecting workmen as members of labor unions.³
- Restricting power of courts to grant injunctions, etc.⁴
- Protecting employees as voters (Federal).⁵
- Forbidding public employment office to furnish names of applicants to employers whose workmen were on strike.⁶
- Fixing rates of wages on public works.⁷
- Regulating weighing of coal at mines (four States).⁸
- Providing for small attorneys' fees in successful actions to recover wage claims.⁹
- Fixing the time of payment of wages.¹⁰
- Prohibiting use of "scrip."¹¹
- Prohibiting or regulating company stores.¹²
- Fixing hours of labor in private employment.¹³
- Defining liability of employers for injuries.¹⁴

It is difficult to find parallel cases to illustrate the difference in the point of view assumed by the courts upon the same constitutional question according to economic or social results of the decisions in

¹ *Wallace v. G. C. & N. R. Co.*, 94 Ga., 732.

² *Wabash R. Co. v. Young*, 162 Ind., 102.

³ *Gillespie v. People*, 188 Ill., 174; *Coffeyville Brick & Tile Co. v. Perry*, 60 Kans., 297; *State v. Jelow*, 129 Mo., 163; *Goldfield Consolidated Mines Co. v. Goldfield Miners' Union*, 150 Fed., 500; *People v. Marcus*, 185 N. Y., 257; *State v. Kreutzberg*, 114 Wis., 530; *Adair v. United States*, 208 U. S., 161.

⁴ *Pierce v. Stablemen's Union*, 156 Cal., 70; *State v. Shepherd*, 177 Mo., 234; *Cheadle v. State*, 110 Ind., 301.

⁵ *United States v. Amsden*, 1 Bissell, 283.

⁶ *Mathews v. People*, 202 Ill., 380.

⁷ *Street v. Varney Electrical Supply Co.*, 160 Ind., 338.

⁸ *Harding v. People*, 100 Ill., 459; in re *Preston*, 63 Ohio St., 428; *Com. v. Brown*, 8 Pa. Super. Ct., 339; in re *House Bill No. 203*, 21 Colo., 27.

⁹ *Randolph v. Builders' and Painters' Supply Co.*, 106 Ala., 501; *Builders' Supply Depot v. O'Connor*, 150 Cal., 265; *Davidson v. Jennings*, 27 Colo., 187; *Manowsky v. Stephan*, 233 Ill., 400.

¹⁰ *Republic Iron & Steel Co. v. State*, 160 Ind., 379; *Braceville Coal Co. v. People*, 147 Ill., 66; *Johnson v. Goodyear Mining Co.*, 127 Cal., 4.

¹¹ *Godcharles v. Wigeman*, 113 Pa. St., 431; *Jordan v. State*, 51 Texas Cr. App., 531.

¹² *Fraser v. People*, 141 Ill., 171; *State v. Fire Creek Coal & Coke Co.*, 33 W. Va., 188.

¹³ in re *Morgan*, 26 Colo., 415; *Lochner v. New York*, 198 U. S., 45; *Low v. Rees Printing Co.*, 41 Neb., 127; *Ritchie v. People*, 155 Ill., 98; *People v. Williams*, 189 N. Y., 131.

¹⁴ *Ballard v. Mississippi Cotton Oil Co.*, 81 Miss., 507; *Baltimore & O. S. W. R. Co. v. Read*, 158 Ind., 25.

different cases. There are a few clear-cut cases, however, in which the contrast is plainly shown, as, for example, in the inconsistency between the decisions in the Debs case,¹ wherein it is held that the control of Congress over interstate commerce is so complete that it may regulate the conduct of the employees engaged therein to the extent of enjoining them from going on a sympathetic strike, and the decision in the Adair case,² wherein it is held that Congress has so little power over the conduct of those engaged in interstate commerce that it can not constitutionally forbid employers engaged therein discharging their employees merely because of membership in a labor union.

In this same connection it is proper to contrast the almost uniform prohibition by the State and Federal courts of secondary boycotts in labor cases even to the extent of enjoining the publication of "unfair lists," with the decision in the case of *Park Co. v. Druggists' Association* (175 N. Y.). In this case the Park Co. charged that the Druggists' Association fixed prices of proprietary medicines; that they refused to sell to anyone who did not abide by the prices thus fixed; that the druggists combined in this association refused to sell to the Park Co.; and that they used spies to ascertain with whom the Park Co. did business with intent to compel such customers to cease doing business with the Park Co. The facts were admitted on demurrer, but the court refused to issue an injunction, holding that the boycott was caused by plaintiff himself and could be removed whenever he saw fit to abide by the association's rules; and, further, that there was no conspiracy. If the same line of reasoning were followed in labor cases, it is difficult to imagine any kind of boycott which would be illegal.

Finally, reference should be made to the history of the fight for the enactment of eight-hour legislation in Colorado, which illustrates the grounds upon which the workers not only of that State, but throughout the Nation, distrust legislatures, courts, and executive officials.

Although the 8-hour day was established in Colorado gold mines by agreement among the operators after the Cripple Creek strike of 1894, in the coal-mining industry a 20-year struggle followed the miners' first attempt at legislation.

The eight-hour bill presented to the general assembly in 1895, though supported by the Western Federation of Miners, the United Mine Workers of America, and labor organizations in general, was, upon reference to the Supreme Court for an advance opinion, reported as unconstitutional and failed of enactment.

A bill brought successfully to enactment in 1899, and which was substantially a copy of the Utah law upheld by State and Federal Supreme Courts, was declared by the Colorado Supreme Court to be unconstitutional.³

In 1901 the people adopted by an overwhelming vote an amendment to the constitution which provided for eight-hour legislation. This was followed by the introduction in the next general assembly (1903) of several bills, and by the inauguration of active opposition thereto on the part of corporations. No fewer than 11 anonymous bulletins were attributed to one officer of a smelting company.

¹ 158 U. S., 564.

² 208 U. S., 161.

³ *In re Morgan*, 26 Colo., 415.

On account of disagreements in conference, none of the several bills passed; and so great was the public outcry that at the extra session in July, 1903, each house passed resolutions blaming the other for the failure.

In the session of 1904-5 a bill substantially the same as the present law, and favored by all political parties, was so amended by Mr. Guggenheim as to be "absolutely worthless." It remained on the statute books, a dead letter, until 1911.

In 1911, house bill No. 46 was passed. The operators succeeded in having it submitted to a referendum vote, and at the last moment they initiated a smelterman's eight-hour bill, the two came up on the same ballot, and in the succeeding confusion both were adopted by the people, because of their genuine interest in the passage of an eight-hour law.

The legislature of 1913 repealed both the laws so enacted in 1911, and reenacted house bill No. 46, the present law. By a decision of the Supreme Court, allowing a "safety clutch," this law may not be referred.

The essential injustice and stupidity of this long fight of the employers against eight-hour legislation is strikingly shown by a letter from Mr. L. M. Bowers, chairman of the board of directors of the Colorado Fuel & Iron Co., to Mr. J. D. Rockefeller, jr., stating that after they saw that such legislation was inevitable, they tried out the eight-hour day in their mines and found that it was economically profitable. The Colorado Fuel & Iron Co. thereby is shown to have stubbornly resisted by every conceivable device, for a period of 20 years, a just law which was not only necessary for the health and welfare of its 12,000 miners but was actually profitable for the company itself.

The reason for the effectiveness of the opposition of the Colorado Fuel & Iron Co. is also shown in the letter quoted on page 41 from Mr. Bowers to the secretary of Mr. Rockefeller, describing the complete and corrupt control which the company exercised over the State government during this period.

Third, it is alleged by the workers that in the administration of law, both common and statute, there is discrimination by the courts against the poor and in favor of the wealthy and powerful. It is further stated that this discrimination arises not only from the economic disabilities of the poor, which render them unable to employ equally skillful lawyers, to endure the law's delay, and to stand the expense of repeated appeals, but out of an actual bias on the part of the judges in favor of the wealthy and influential. It should arouse great concern if it be true that the courts do not resolve their doubts in favor of the poor and humble; how much graver then is the injustice if the judges do in fact lean toward the rich and mighty?

To establish this claim by the presentation of a sufficient number of cases would be a tedious task. Many such have been presented to the commission but can not be considered fully here. Instead, it would seem that in such cases we may safely rely upon the uncontradicted opinion of weighty authorities whose position removes from them any suspicion of bias.

Ex-President William H. Taft has said:

We must make it so that the poor man will have as nearly as possible an equal opportunity in litigating as the rich man; and under present conditions, ashamed as we may be of it, this is not the fact.

Prof. Henry R. Seager, of Columbia University, testified before the commission:

I don't see how any fair-minded person can question but what our judges have shown a decided bias in favor of the employers. I would not be inclined to ascribe this so much to a class bias, although I think this is a factor, as to the antecedent training of judges. Under our legal system the principal task of the lawyer is to protect property rights, and the property rights have come to be concentrated more and more into the hands of corporations, so that the successful lawyer of to-day, in a great majority of cases, is the corporation lawyer. His business is to protect the rights of employers and corporations. It is from the ranks of successful lawyers, for the most part, that our judges are selected, and from that results inevitably a certain angle on the part of a majority of our judges.

The bias of the courts is nowhere more clearly shown than in cases involving persons and organizations with whose economic and social views the court does not agree. An interesting example may be cited in the case of *Warren v. United States*, 183 Fed., 718, where the editor of *Appeal to Reason*, Fred D. Warren, was sentenced by the Federal district court to six months' imprisonment and a fine of \$1,500 for the circulation through the mails of matter offering a reward to anyone who would kidnap a certain governor for whom extradition had been refused.¹

The sentence was commuted by President Taft, against the protest of Warren, to a fine of \$100 to be collected in a civil suit. In commenting on the sentence, President Taft is reported to have said:

The district court evidently looked beyond the record of the evidence in this case and found that Warren was the editor and publisher of a newspaper engaged in a crusade against society and government.

Moreover, this is not a prosecution for criminal libel; it is a prosecution for what at best is the violation of a regulation as to the use of the mails. To visit such an offense with a severe punishment is likely to appear to the public to be an effort to punish the defendant for something that could not be charged in the indictment.

This obviously was not intended as a reflection upon the court, but the attitude of a large part of the workers is that if President Taft was justified in making such an assertion it was a case demanding impeachment of the judges involved rather than a commutation of sentence for Warren.

Fourth, it is charged by the representatives of labor not only that courts have neglected or refused to protect workers in the rights guaranteed by the Constitution of the United States and of the several States, but that sections of the Constitution framed primarily to protect human rights have been perverted to protect property rights only and to deprive workers of the protection of rights secured to them by statutes.

First, with regard to the Federal courts, it is startling and alarming to citizens generally, and particularly to workers, to learn that the consensus of Federal decisions is to the effect that the sections of the Constitution defining the rights of citizens to trial by jury,

¹ It was alleged by Warren that this was done to call attention to the gross discrimination in the case of Haywood and Moyer, who were kidnaped and transported from one State to another.

security from unwarranted arrest and search, free speech, free assembly, writ of habeas corpus, bearing of arms, and protection from excessive bail and cruel and unusual punishments, apply only to Federal jurisdiction and in reality protect the citizen only against the action of the Federal Government. The only sections protecting the personal rights of citizens under ordinary circumstances are the thirteenth amendment, prohibiting involuntary servitude, the fifteenth, protecting the right to vote, and the fourteenth, providing that "No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law, nor deny any person within its jurisdiction the equal protection of the laws."

We are, however, informed by counsel who has examined the cases involved that the fourteenth amendment has had no appreciable effect in protecting personal rights. According to the existing decisions, the due-process clause does not guarantee the right of trial by jury,¹ nor does it necessitate indictment by grand juries,² nor has it restrained arbitrary arrests and imprisonment on the part of State governments when men are kidnaped in one State and carried to another.³

Up to 1911 the United States Supreme Court intervened in 55 cases in which the fourteenth amendment was invoked. In 39 of these cases private corporations were the principal parties. Thirty-two statutes were affected by these decisions, and in only three, concerning the civil rights of negroes, were the personal rights of individual citizens involved. With the exceptions involving the rights of negroes in jury cases (e. g., *Strauder v. West Virginia*, 100 U. S., 303), the fourteenth amendment has not acted to secure or protect personal rights from State encroachment,⁴ but only to prevent encroachment on property rights.⁵ In all the other numerous cases in which the fourteenth amendment was invoked to protect personal rights, the attempt failed.

On the other hand there is abundant evidence of the great protection which it affords corporations and other forms of organized capital. On that point we may quote the statements of Mr. C. W. Collins, of the Alabama bar, who analyzed the decisions of the United States Supreme Court through the October, 1910, term.⁶

Private corporations are using it as a means to prevent the enforcement of State laws. Since 1891 a majority of cases under the amendment have involved a corporation as the principal party. * * * The increase of this kind of litigation runs parallel to the rise of the trust movement in America. At the 1900-10 term of the court, out of a total of 26 opinions rendered under the amendment 20 involved a corporation as the principal party.

* * * The fourteenth amendment is the easiest of all constitutional measures to invoke. In a country where economic activity is so intense and time so vital an element, it has been grasped as a sure measure of delay, with always the possibility of obtaining affirmative relief. The amendment, though intended primarily as a protection to the negro race, has in these latter days be-

¹ *Maxwell v. Dow*, 176 U. S., 581; *Walker v. Sauvinet*, 92 U. S., 90.

² *Hurtado v. California*, 119 U. S., 516.

³ *Re Pettibone*, 12 Idaho, 264; 203 U. S., 192; *Re Moyer*, 35 Colo., 159; 140 F. R., 870; 203 U. S., 221; *Re Boyle*, 6 Idaho, 609.

⁴ See for illustration: *Virginia v. Rives*, 100 U. S., 313; *Plessy v. Ferguson*, 163 U. S., 537; *Twining v. New Jersey*, 211 U. S., 78; *Brown v. New Jersey*, 175 U. S., 172.

⁵ See for illustration: *C. M. & St. P. Ry. v. Minnesota*, 134 U. S., 418; *Cottling v. K. C. Stockyards Co.*, 183 U. S., 79; *C. & S. F. Ry. v. Ellis*, 168 U. S., 150.

⁶ *The Fourteenth Amendment and the States*, C. W. Collins.

come a constitutional guaranty to the corporations that no State action toward them can become effective until after years of litigation through the State and Federal courts to the Supreme Court of the United States. The course of the amendment is running away from its originally intended channel (p. 145).

The fourteenth amendment, although a humanitarian measure in origin and purpose, has been within recent years practically appropriated by the corporations. It was aimed at restraining and checking the powers of wealth and privilege. It was to be a charter of liberty for human rights against property rights. The transformation has been rapid and complete. It operates to-day to protect the rights of property to the detriment of the rights of man. It has become the Magna Charta of accumulated and organized capital (p. 137).

It is thus quite clear that the fourteenth amendment not only has failed to operate to protect personal rights but has operated almost wholly for the protection of the property rights of corporations. These facts taken in conjunction with the many decisions, such as the *Lochner* case,¹ in which the fourteenth amendment has been invoked to annul statutes designed to better conditions of life and work, must constitute just ground for grave concern not only to the workers but to every citizen who values his liberty.

With the "bills of rights" contained in the constitutions of the several States, the situation, as far as the workers are concerned, is somewhat different, since in many jurisdictions these have been used upon numerous occasions to afford substantial protection to them in their personal rights. The workers call attention particularly, however, to the long list of statutes, city ordinances, and military orders abridging freedom of speech and press, which not only have not been interfered with by the courts but whenever tested have almost uniformly been upheld by the State and Federal courts.² They point also to the grave injuries done to workers individually and collectively by the thousands of arrests which have been made without just cause in labor disputes, without relief from either the courts or the executive; to the denial of the right to the writ of habeas corpus upon numerous occasions; to the fact that where, as for example, in Los Angeles, San Diego, and Fresno (Cal.), Spokane (Wash.), Minot (N. Dak.), Paterson (N. J.), Little Falls (N. Y.), Lawrence (Mass.), Idaho, Colorado, and West Virginia, workers have been grievously injured, brutally treated, or interfered with in the pursuit of their guaranteed rights by other classes of citizens or by officials, the courts have not interfered and the perpetrators have gone unpunished.

On the general question of martial law and habeas corpus a member of the staff has made an elaborate comparison of the cases arising from nonlabor disturbances with the cases arising from labor disturbances. It is not necessary, and would require too much space, to recite these cases in full, but among the former may be mentioned the *Milligan* case, and other cases arising in the State courts of Indiana, Illinois, Kentucky, North Carolina, and Wisconsin³ (all during or immediately following the Civil War), and three cases in the courts of Kentucky, Ohio, and Oklahoma since that time;⁴ among

¹ *Lochner v. N. Y.*, 198 U. S., 45.

² *Fox v. Washington*, 236 U. S., 273; *Flitts v. Atlanta*, 121 Ga., 267; *Ex parte Thomas*, 102 Pacific, 19.

³ *In re Milligan*, 4 Wall. (U. S.), 2; *Skeen v. Monckelmer*, 21 Ind., 1; *Johnson v. Jones*, 44 Ill., 142; *Corbin v. Marsh*, 2 Dur., 193; *Ex parte Moore*, 64 N. C., 802; *In re Kemp*, 16 Wis., 382.

⁴ *Franks v. Smith*, 142 Ky., 232; *Ohio v. Colt*, 8 Ohio, 62; *Fluke v. Canton*, 31 Okla., 718.

the latter, i. e., those arising from labor disturbances, are included the cases from Colorado, Idaho, Montana, Pennsylvania, and West Virginia.¹ The results of such comparison are summarized in part as follows:

Although uniformly held that the writ of habeas corpus can only be suspended by the legislature, in these labor disturbances the executive has in fact suspended or disregarded the writ. In the labor cases the judiciary either disregards the fact that the writ has been suspended by the executive or evades the issue. In nonlabor cases the courts have protested emphatically when the executive attempted to interfere with the writ of habeas corpus.

In many instances in which the military has been in active operation because of nonlabor disturbances, the judiciary has almost without exception protested against the exercise of any arbitrary power and has almost uniformly attempted to limit that power.

In cases arising from labor agitations, the judiciary has uniformly upheld the power exercised by the military, and in no case has there been any protest against the use of such power or any attempt to curtail it, except in Montana, where the conviction of a civilian by military commission was annulled.

Finally, it is impossible to imagine a more complete mockery of justice and travesty upon every conception of fair dealing than the innumerable decisions holding unconstitutional wise and salutary laws for the protection of workers, upon the ground that they violate the right of contract, even while the workers, whose rights are supposed to be affected, clamor for the maintenance of the statute. The appeal for the protection of the workers' rights in such cases comes invariably from the employers, and is urged against the protest of the workers, yet in almost unbroken succession the judges solemnly nullify the wisest acts of legislatures on just such specious, self-serving pleas. There are notable cases in which the judges have unmasked the mummery, as, for example, in *Holden v. Hardy*,² where it was said:

Although the prosecution in this case was against the employer of labor, who, apparently, under the statute, is the only one liable, his defense is not so much that his right to contract has been infringed upon, but that the act works a peculiar hardship to his employees, whose right to labor as long as they please is alleged to be thereby violated. The argument would certainly come with better grace and greater cogency from the latter class.

There appear to be no reported cases in which the workers have urged that their rights are violated by such restrictive legislation, which in fact invariably originates with them; but the courts continue to hand down decisions "protecting the sacred right of contract of the worker," when the only person benefited is the employer, who is thus able to "turn the very Constitution itself into an instrument of inequality."

This entire situation is fraught with such grave dangers not only to the workers but to all citizens who value their individual liberty, that the Nation can not be entirely secure until those fundamental rights are affirmatively guaranteed to every citizen of the United States by the Federal Government. It is therefore earnestly recommended that Congress forthwith initiate an amendment to the Constitution securing these rights against encroachment by Federal, State, or local governments or by private persons and corporations.

Fifth. It is charged that the ordinary legal machinery provides no adequate means whereby laborers and other poor men can secure

¹ In re Moyer, 35 Colo., 159; In re Boyle, 6 Idaho, 609; In re McDonald, 49 Mont., 455; Com. v. Shortall, 206 Pa., 105; Mays and Nance v. Brown, 71 W. Va., 519; Ex parte Jones, 71 W. Va., 507.

² 169 U. S., 300.

redress for wrongs inflicted upon them through the nonpayment of wages, through overcharges at company stores, through exorbitant hospital and other fees, fines, and deductions through fraud on the part of private employment offices, loan offices, and installment houses, and through the "grafting" of foremen and superintendents. The losses to wage earners from these sources are stated to amount each year to millions of dollars and to work untold hardship on a class of men who can ill afford to lose even a penny of their hard-won earnings.

These charges were thoroughly investigated in all parts of the country by an experienced member of the commission's staff.

He cites, for example, that in California, where the situation has been more completely uncovered than elsewhere and where remedies are beginning to be applied, during the year ending June, 1914, 9,621 claims were presented to the commissioner of labor alone. Of these, 7,330 were for nonpayment of wages, of which 4,904 were successfully settled and \$110,912 of unpaid wages was collected. This is believed to have been only a small proportion of the total claims of laborers throughout the State, inasmuch as the number of claims was growing rapidly as the work of the bureau became better known, and because, during a period of only 10 months, over 2,200 claims were presented to the State commission on immigration and housing. The work of handling these claims and making its existence known to laborers throughout the State was just getting well under way, although with a small appropriation and inadequate force, when the collection of wage claims was suddenly checked by a decision of the State court of appeals¹ that the payment-of-wages law was unconstitutional on the ground that since it provided for fine or imprisonment where the wages of laborers were illegally retained, it was in effect a provision for imprisonment for debt.

The investigation in other States revealed equally bad or worse conditions, while in all except a few no efficient means existed by which these claims could be prosecuted. In conclusion, our investigator reported:

(a) The existing labor and life conditions of common laborers in this country produce immense numbers of justified labor complaints and claims, involving not only great sums of money in the aggregate but untold personal hardship and suffering.

(b) The existing public and private legal institutions are utterly inadequate to secure justice to the laborers in the matter of these complaints and claims.

(c) This situation has already created in the laborers distrust of the Government, of employers, and of the well-to-do classes generally, and is one of the contributory causes of the existing industrial unrest.

The measures recommended, which have to do largely with State and local administrations, are discussed on page 89. It is suggested, however, that the commission recommend to Congress that, inasmuch as the immigrant laborers, who suffer most largely from these injustices, are ethically and legally wards of the Nation until they become citizens, the Bureau of Immigration of the Federal Department of Labor should be given the authority and necessary

¹ Nov. 23, 1914.

appropriations to establish, wherever it may seem necessary, in connection with its existing offices in all parts of the country, legal aid divisions which would freely and aggressively prosecute these claims and complaints on behalf of the immigrant laborers, and, if there are no constitutional or statutory barriers, on behalf also of American citizens.

Sixth. It is charged by the workers that the courts, by the unwarranted extension of their powers in the issuance of injunctions, have not only grievously injured the workers individually and collectively upon innumerable occasions but have, by the contempt procedure consequent upon disobedience to such injunctions, deprived the workers of the right, fundamental to Anglo-Saxon institutions, to be tried by jury.

This charge is not limited to members of trades-unions, nor to workers, but is voiced also by many who have no reason for partisanship. For example, Mr. S. S. Gregory, former president of the American Bar Association, testified before the commission:

These injunctions are based upon the theory that the man carrying on a business has a certain sort of property right in the good will or the successful conduct of that business; and that when several hundred or several thousand excited men gather around his premises where he carries his business on and threaten everybody that comes in there to work, and possibly use violence, that that is such an unlawful interference with property right as may be the subject of protection in equity. And that view of the law has been sustained by the courts of practically all the States.

But the great difficulty about this was this, that having enjoined defendants, namely, striking workmen, perhaps from unlawful interference with the business of the employer, where that unlawful interference consisted in an attack or an assault and battery upon another man, to wit, perhaps a strikebreaker so-called, or one who was hired to take the place of one of the striking workmen, that thereafter the judge who had ordered the injunction and whose authority had been thus defied, was permitted to put the person charged with the breach of that injunction upon trial upon a charge of contempt, really for having committed an unlawful and criminal act.

Now the Constitution has thrown around the prosecution of criminals (the Constitutions, State and Federal) a number of securities. They are entitled to trial by jury; they are entitled to be confronted by the witnesses who are to testify against them; they are entitled to be heard by counsel.

But none of those guaranties except perhaps the right to be heard by counsel is secured in contempt proceedings; and the obvious wisdom of permitting 12 men drawn from the body of the people to pass on questions of fact—men who are supposed to be prejudiced neither for nor against the parties, who know nothing about the case until they are sworn in the jury box—has so far commended itself to the wisdom of legislators and jurists to such a degree that it has become a permanent feature of our jurisprudence; and to provide that the court may proceed against parties for contempt, where the conduct charged against them is criminal, is really an evasion of the constitutional guaranties and a plain attempt to commit to equity jurisdiction over matters which it has been decided over and over again by all the courts that it has no jurisdiction with respect to, namely, the administration of the criminal law.

For instance, I might receive, as I leave the room of this tribunal to-day, a threatening letter from somebody saying they were going to kill me for something I had said, or had not said, before the commission. Now, that involves personal loss possibly to my wife or those dependent upon me; but no court of equity would listen for a moment to a bill I should file saying "A B" or some other blackhand gentleman had threatened to kill me, or if filed by anybody dependent upon me, and therefore there should be an injunction to prevent him from killing me. That would be an absurdity—a legal absurdity; and none the less is it so where a man is enjoined from committing acts of violence in a strike to try him for contempt, without a trial by jury. And that has been an injustice that has rankled in the minds of everybody that has been a victim of it, and justly so.

Sir Charles Napier says, "People talk about agitators, but the only real agitator is injustice; and the only way is to correct the injustice and allay the agitation."

Judge Walter Clark, chief justice of the Supreme Court of North Carolina, also testified before the commission as follows:

Chairman WALSH. Have you studied the effect of the use of injunctions in labor disputes generally in the United States, as a student of economics and the law?

Judge CLARK. I do not think they can be justified, sir, * * * [Their effect] has been, of course, to irritate the men, because they feel that in an Anglo-Saxon community every man has a right to a trial by jury, and that to take him up and compel him to be tried by a judge is not in accordance with the principles of equality, liberty, and justice.

Chairman WALSH. Do you think that has been one of the causes of social unrest in the United States?

Judge CLARK. Yes, sir; and undoubtedly will be more so, unless it is remedied.

It is not within the province of the commission to attempt to decide the question of whether or not the issuance of such injunctions is an unwarranted extension upon the part of the courts; but the weighty opinions cited above are very impressive and are convincing that the workers have great reason for their attitude. It is known, however, from the evidence of witnesses and from the information collected by the staff, that such injunctions have in many cases inflicted grievous injury upon workmen engaged in disputes with their employers, and that their interests have been seriously prejudiced by the denial of jury trial, which every criminal is afforded, and by trial before the judge against whom the contempt was alleged.

It is felt to be a duty, therefore, to register a solemn protest against this condition, being convinced of its injustice not only by reason of the evil effects which have resulted from this procedure, but by virtue of a conviction that no person's liberty can safely be decided by any one man, particularly when that man is the object of the alleged contempt.

The Clayton Act undoubtedly contains many features which will relieve this situation as far as the Federal courts are concerned, but it seems clear that it does not contain anything like a complete solution of the existing injustices, even for the limited field of Federal jurisdiction.

Seventh, it is charged by the representatives of labor that laws designed for the protection of labor in workshops and mines and on railroads are not effectively enforced, except in a few States. This is a matter of considerable moment to labor, but it is, after all, regarded by the workers, since it concerns chiefly only their safety and comfort, as ranking far below the other matters discussed, which involve primarily their liberty and rights as freemen and, secondarily, their only means of bettering their condition. Moreover, it is almost entirely a matter of administration, which is discussed in detail elsewhere in the report. With the great attention which the method of administration is now receiving, not only from labor organizations but from civic organizations, and lately even from employers' associations, it is likely to reach a satisfactory stage before very long.

Eighth, it is charged that in cases involving industrial questions, the workers are liable to great injustice by reason of the fact that in many localities they are excluded from juries either by the qualifications prescribed (usually payment of property tax) or by the method of selection.

In California, for example, it was testified that grave injustice had been done in many cases because the juries (composed only of property owners, for the most part employers), were greatly prejudiced against the defendants, whose program, if successful, would directly or indirectly affect the interests of the jurors.

Similarly, in Cook County, Ill., which includes Chicago, it was found by a committee of the Lawyers' Association of Illinois that although the system of selection by commissioners was intended to produce an impartial selection from all classes of the community, out of probably 1,000 different occupations in Cook County the commissioners confine the selection of the great bulk of the jurors to the following 10 occupations: Managers, superintendents, foremen, presidents and owners of companies, secretaries of companies, merchants, agents, salesmen, clerks, and bookkeepers.

To quote from the report:

There are 76,000 mechanics affiliated with the Building Trades Council in Chicago, yet in the 3,440 jurors investigated by your committee there are only 200 mechanics drawn from the 76,000 in the Building Trades Council.

There are about 200,000 mechanics belonging to the different labor organizations in Chicago, yet there are only about 350 mechanics drawn as jurors by the commissions in the 3,440 investigated, or about 10 per cent, when the percentage ought to be about 70 per cent.

The report of the committee adds:

Another comparison will show that out of these 3,440 jurors the commission took only 314 jurors from 130 different occupations, or an average of less than 3 jurors from each occupation, while from the 10 favored occupations mentioned above, 1,723 jurors were picked, or the grossly excessive average of 172 from each of said 10 occupations.¹

A similar situation was disclosed by the investigations of members of the staff in Paterson, N. J.

Finally, there is the very grave situation where, by putting aside the legal and customary methods, the jury is chosen by the sheriff or other officers, who may be unduly influenced by either party to the case. Such a situation, inimical in the extreme to the interests of the workers, has been conclusively proved to have existed in Colorado and in other mining districts.

In the belief that the right to trial by an impartial jury is necessary for the maintenance of justice, and that such impartiality can be secured only by including all classes of citizens, it is suggested that the commission recommend that Federal and States statutes should be passed providing for the creation of juries by drawing the names from a wheel, or other like device, which shall contain the name of every qualified voter in the district from which the jury is to be selected. The adoption of this method in Missouri and other States has resulted uniformly in securing impartial juries of much higher grade, and has also eliminated almost entirely the sources of corruption attending the selection of juries.

Ninth, it is charged by the workers that, during strikes, innocent men are in many cases arrested without just cause, charged with fictitious crimes, held under excessive bail, and treated frequently with unexampled brutality for the purpose of injuring the strikers and breaking the strike.

In support of this charge, the commission has been furnished with evidence showing that in a number of recent strikes large numbers

¹ Eternal Vigilance is the Price of Liberty. Report of committee to the Lawyers' Association of Illinois, 1914.

of strikers were arrested, but that only a small number were brought to trial and relatively few were convicted of any serious offense; that those arrested were, as a rule, required to give heavy bail, far beyond their means, or were detained without trial until their effectiveness as strikers was destroyed; and that in many cases strikers were brutally treated by the police or by special deputies in the pay of the companies. A number of these strikes have been investigated by public hearings of the commission, by members of its staff, or by other departments of the Federal Government. In each of the strikes investigated the charges as made were in essentials substantiated.

In Paterson, N. J., which was investigated with unusual thoroughness and which, because of its size and its location in the most densely populated section, might be considered likely to be free from such abuses, it was found that during the strike of the silk workers 2,238 arrests, charging unlawful assembly or disorderly conduct, were made, and that in all there were 300 convictions in the lower courts. Men arrested for unlawful assembly were held in bail of \$500 to \$5,000. The right of trial by jury was generally denied. Men were arrested for ridiculous reasons, as, for example, for standing on the opposite side of the street and beckoning to men in the mills to come out. This was the allegation on which the charge of unlawful assembly was placed against four men, and for which they were sent to jail in default of \$500 bail, and, although never indicted, the charges still stand against them as a bar to their rights as citizens and voters. Men were fined arbitrarily, as in the case of one who was fined \$10 for permitting strikers to sit on a bench in front of his house. Not more than \$25 worth of damage was done during the entire strike, involving 25,000 workers, and there was no actual violence or attempt at violence on the part of the strikers during the entire strike. Under such conditions the editor of a local paper was arrested, charged with criminal libel, for comparing the conditions in Paterson with the rule of Cossacks; and four men who sold the paper on the streets also were arrested. The editor was tried and convicted in the lower court, but the verdict was set aside by the Supreme Court, while the four men, after being held several days in default of bail, were released without trial.

It is impossible to summarize the activities of the police and authorities during this strike better than by referring to the testimony of two of the leading citizens of Paterson, who said that they had resolved to get rid of the "agitators" and were ready to go beyond the law to accomplish their purpose.¹ A full appreciation of the

¹ In a letter recently received from one of these witnesses his position is reiterated with a striking illustration of inability to comprehend the fundamental principles of American Government and the limitations imposed upon the power of one class to oppress another:

"Another point which is only partially covered in my testimony is in regard to what Chairman Walsh endeavored to get me and various other citizens to admit would be an infraction of free speech and personal liberty if the agitators were prevented from coming into Paterson or not permitted to hold their meetings here. The United States Government puts up the bars at Ellis Island against certain classes of 'undesirable citizens,' and as far as I have been able to learn the Government's action in debarring from this country the immoral and criminal class and those who would become a charge on the country meets with the approval of the Americans generally. If it is proper and right for the United States Government to say who shall and who shall not enter this country I think it is equally proper for the city of Paterson to debar undesirable citizens who are coming here to sow discontent and cause trouble in the city. New York City has had a dead line at Fulton Street for a great many years and the police authorities have prevented certain persons from crossing that line, and this has been considered a proper exercise of the police powers of the city. I can see no difference between this action on the part of the New York authorities and similar action which was desired by many of our citizens in Paterson in regard to the I. W. W. agitators."

injustice committed during this strike can be secured only by reading the testimony taken at Paterson and the reports of the commission's investigators based upon the records of the police and the courts.

In Los Angeles and Indianapolis essentially the same conditions were found by the commission, while in McKees Rocks, Bethlehem, and Westmoreland County, Pa., Lawrence, Mass., and Calumet, Mich., investigated by the Federal Department of Labor, essentially the same conditions of injustice were found to prevail. The conditions in West Virginia and Colorado, which were almost beyond belief and had the additional feature of military rule, will be discussed elsewhere.

An examination of the entire mass of evidence is convincing that such conditions are in fact typical of strikes which are serious enough to arouse the authorities, especially where the workers are unorganized before the strike and therefore lacking in influence in the community.

Tenth, it is asserted by the workers that in many localities during strikes not only is one of the greatest functions of the State, that of policing, virtually turned over to employers or arrogantly assumed by them, but criminals employed by detective agencies and strike-breaking agencies are clothed, by the process of deputization, with arbitrary power and relieved of criminal liability for their acts.

Only three such cases are cited here, though the commission has in its records evidence regarding a considerable number. At Roosevelt, N. J., it was found by the commission's investigators and later confirmed in court that the office of sheriff was virtually turned over to one Jerry O'Brien, the proprietor of a so-called detective agency; that he imported a number of men of bad reputation and clothed them with the authority of deputies; and that on January 19, 1915, these criminals, without provocation, wantonly shot and killed 2 men and wounded 17 others who were on strike against the American Agricultural Chemical Co., which paid and armed the deputies.

Similarly, during the Calumet, Mich., strike, about 230 men were imported from detective agencies in eastern cities, 52 under pay from the county board of supervisors, which was made up almost entirely of copper company officials. The actions of these men were so wantonly brutal that they were censured by the local judge, but they went unchecked in their career of arrogant brutality, which culminated in their shooting, without provocation, into a house in which women and children were, killing two persons and wounding two others.

The recent strike in Bayonne, N. J., threw more light on these armed guards. During this strike one of the New York detective agencies furnished for the protection of the Tidewater Oil Co.'s plant men who were so vicious and unreliable that the officials of the company themselves say that their presence was sufficient to incite a riot. These men shot without provocation at anyone or everyone who came within sight, and the killing of at least three strikers in Bayonne and the wounding of many more is directly chargeable to these guards.

The character of the men who make a specialty of this kind of employment has never been more frankly described than in the testimony of Mr. L. M. Bowers, chairman of the board of directors of

the Colorado Fuel & Iron Co., who repeatedly referred to those in the employ of that company as "cutthroats," against whose character, he stated, he had frequently protested.

According to the statement of Berghoff Bros. & Waddell, who style themselves "labor adjusters" and who do a business of strike breaking and strike policing, there are countless men who follow this business at all times. They say they can put 10,000 armed men into the field inside of 72 hours. The fact that these men may have a criminal record is no deterrent to their being employed, and no check can be made on the men sent out by these companies on hurry calls.

When the question of providing the bail for these men arose as a result of the killing of the strikers at Bayonne, the company attorney actually declined to furnish bail for them on the ground that they were thugs of whom the company knew nothing and that it would not be responsible for their appearance.

In view of the endless crimes¹ committed by the employees of the so-called detective agencies, who have been permitted to usurp a function that should belong only to the State, it is suggested that the commission recommend to Congress either that such of these agencies as may operate in more than one State, or may be employed by corporations engaged in interstate commerce, or may use the mails, shall be compelled to take out a Federal license, with regulations to insure the character of their employees and the limitation of their activities to the bona fide business of detecting crime, or that such agencies shall be utterly abolished through the operation of the taxing power or through denying them the use of the mails.

Eleventh. It is charged that in many localities the entire system of civil government is suspended during strikes and there is set up in its place a military despotism under so-called martial law.

In West Virginia, for example, during the strike of coal miners in 1912 martial law was declared and the writ of habeas corpus denied, in the face of a direct prohibition by the constitution of the State, in spite of the fact that the courts were open and unobstructed, and without reference to the protests of the strikers. Persons outside the military zone were arrested, dragged before military courts, tried and sentenced under so-called martial law. Upon appeal to the civil courts of the State the actions of the military authorities were upheld, in spite of the oath of the judges to support the constitution, which in terms provided "that no citizen, unless engaged in the military service of the State, shall be tried or punished by any military court for any offense that is cognizable by the civil courts of the State," and, further, "The privilege of the writ of habeas corpus shall not be suspended."

The decisions of the court stirred Hon. Edgar M. Cullen, a former chief judge of the Court of Appeals of New York—a witness before this commission and recognized as unusually conservative and careful in his utterances—to make the following statements:

Under these decisions the life and liberty of every man within the State would seem to be at the mercy of the governor. He may declare a state of war, whether the facts justify such a declaration or not, and that declaration is conclusive upon the courts.

¹ See the reports of congressional committees which investigated the Homestead strike, the Pullman strike, and the recent strikes in Colorado and West Virginia.

If he declares only a portion of the State to be in a state of war, under the decision in the second case a person in any other part of the State, however distant, may be arrested and delivered to the military authorities in the martial zone, and his fate, whether liberty or life, depends on the action of a military commission, for I know of no principle which authorizes a military commission to impose the punishment of imprisonment that would not equally authorize the imposition of the punishment of death. Under that doctrine, should armed resistance to the Federal authority justifying a suspension of the writ of habeas corpus occur in Arizona a citizen could, on a charge of aiding the insurrection, be dragged from his home in Maine and delivered to the military authorities in Arizona for trial and punishment.

The remedy suggested by the learned court, of impeachment by the legislature, would hardly seem of much efficacy. By impeachment the governor could only be removed from office. He could not be further punished, however flagrant his opposition may have been, except by a perversion of the criminal law, for if the doctrine of the courts is correct he would not have exceeded his legal power.

¹ The governor might imprison or execute the members of the legislature, or even the learned judges of the supreme court themselves.¹

The attention of the commission has also been directed by witnesses to the repeated occurrence of similar or, if possible, more extreme conditions in Colorado and Idaho, which testimony has been confirmed either by the investigations and hearings of the commission or by the reports of responsible officials of the Federal Government. In Colorado martial law has been in effect ten times since 1894. Similarly in Idaho martial law has been in effect on several occasions. In both of these States not only have strikers been imprisoned by military courts, but thousands have been held for long periods in "bull pens," hundreds have been forcibly deported from the State, and so arrogant have the troops become upon occasions that they have refused to obey the mandates of the civil courts, although the constitutions of both States provide that the military shall always be in strict subordination to the civil power.² In fact, on one occasion at least, when orders of the court for the production of prisoners had been ignored and the military officers were summoned before the court, they surrounded the courthouse with infantry and cavalry, came into court accompanied by soldiers with fixed bayonets, and stationed a gatling gun in a position commanding the courthouse.² During the recent strike in Colorado the military was supreme and wielded its arbitrary power despotically and at times brutally.

¹ Twelfth, it is charged by the workers that in some localities the control by the employers of the entire machinery of government is so great that lawless acts on the part of agents of the employers go unheeded and unpunished, while vindictive action against the leaders of the strike is accomplished by methods unparalleled in civilized countries. It is seldom that evidence sufficient to substantiate such sweeping charges can be secured, even if the charges are true; but in the testimony and documents which have been gathered by the commission there seems to be conclusive proof that in one State at least, Colorado, such a condition of complete domination of the State government has prevailed and, it would seem, does still prevail.

¹ Address before New York State Bar Association, 1914.

² Constitution of Colorado I, 33. Constitution of Idaho I, 12.

³ See report of U. S. Commissioner of Labor, Carroll D. Wright, on Labor Disturbances in Colorado for a detailed history of events up to and including 1904.

First, Hon. Frederick Farrar, attorney general of Colorado, testified in substance as follows:

As a result of a personal investigation into conditions in Las Animas and Huerfano Counties, Colo., in the summer of 1913, a very perfect political machine was found to exist. The head of this political machine is the sheriff, and it is conducted along lines very similar to those maintained by corrupt political organizations. It has a system of relief in case of need, and a system of giving rewards to its people. It was difficult to determine which was cause and which effect, but there was undoubtedly some relationship between the political machine and the coal companies. Witness believes the machine existed through its power as a machine over the coal companies, but has no knowledge of any money being used. His investigation did not lead into question of whether the machine controlled coroners' juries in cases of death from accidents in mines, etc., or of whether mining laws were obeyed.

Second, Hon. Thomas M. Patterson, formerly United States Senator, testified:

The men employed by the large mining companies have been used to gain political power. There is no doubt that it is the deliberate purpose of these companies to control the officials of the counties in which they are operating, and to have a great influence in the selection of judges and in the constitution of the courts. In this purpose they have been successful. Election returns from the two or three counties in which the large companies operate show that in the precincts in which the mining camps are located the returns are nearly unanimous in favor of the men or measures approved by the companies, regardless of party. The companies know whom they want elected, and do not hesitate, judging from the results, to make it known.

Third, State Senator Helen Ring Robinson testified in substance as follows:

As a member of the committee of privileges and elections, which investigated conditions in Las Animas County, she listened for three weeks to the story of political conditions there. Long before the strike was ordered she realized that the industrial situation was hopeless because the political situation appeared hopeless.

"I found that while the counties of Las Animas and Huerfano are geographically a part of Colorado, yet industrially and politically they are a barony or a principality of the Colorado Fuel & Iron Co. Such situations, of course, must mean a knitting together of the industrial and political situation, and I don't wish to say that the Colorado Fuel & Iron Co. have limited their efforts to Las Animas and Huerfano Counties. If that were so, the situation in the State itself would not be so seriously affected by them; but they have in time past reached out beyond the boundaries of their principality and made and unmade governors; men who desire positions of high place in Colorado would be very loath to antagonize them whether they lived in Las Animas or Routt County, or in Denver, and it would not matter in that case to which political party they belonged."

Attention should be called to another aspect of the control of the machinery of government by one class for the oppression of another. The scales of justice have in the past swung far in one direction—legislatures, courts, and administrative officers under the domination of corporations have grievously wronged the workers. There is grave danger that, if the workers assert their collective power and secure the control of government by the massing of their numbers, the scales may swing equally far in the other direction and every act of injustice, every drop of blood, every moment of anguish, be repaid in full, not upon some obscure and humble worker, but upon those who now glory in the sense of boundless power and security.

In the few cases in which the workers have momentarily secured control of local situations, they have followed the examples that

have been set and have in many instances used their power unjustly and oppressively. In Colorado, for example, during the strikes in the metal mines, where the Western Federation of Miners controlled a camp, they followed the example of the operators and deported persons whom they deemed to be obnoxious. Similarly, during the fight between two factions of the Western Federation of Miners in Butte, Mont., the dominant faction forced several persons to leave the city and set aside the ordinary processes of law. It is inevitable that this should be the case, and it is remarkable only that the masses of workers, even when acting as mobs, show greater self-restraint than do organizations made up of business men ordinarily regarded as upright, respectable, and admirable citizens.

For the security and honor of the Nation the scales of justice must be brought to a stable equilibrium. This can be accomplished only by a realization by every citizen that every act of injustice, whether done in far-off States or at one's very door, whether affecting a friend or an enemy, is in its consequences an invasion of one's own security and a menace to one's liberty.

There is reason, however, to expect that no sober and well-considered action for the removal of these abuses will be taken, and one may, without being an alarmist, share the fears expressed by Judge Seymour D. Thompson:¹

The dangerous tendencies and extravagant pretensions of the courts which I have pointed out ought not to be minimized, but ought to be resisted. Their resistance ought not to take place as advised by Jefferson, by "meeting the invaders foot to foot," but it ought to take place under the wise and moderate guidance of the legal profession, but the danger is that the people do not always so act. In popular governments evils are often borne with stolid patience until a culminating point is reached, when the people burst into sudden frenzy and redress their grievances by violent and extreme measures, and even tear down the fabric of government itself. There is danger, real danger, that the people will see at one sweeping glance that all the powers of their Government, Federal and State, lie at the feet of us lawyers, that is to say, at the feet of a judicial oligarchy; that those powers are being steadily exercised in behalf of the wealthy and powerful classes, and to the prejudice of the scattered and segregated people; that the power thus seized includes the power of amending the Constitution; the power of superintending the action, not merely of Congress, but also of the State legislatures; the power of degrading the powers of the two Houses of Congress, in making those investigations which they may deem necessary to wise legislation, to the powers which an English court has ascribed to British colonial legislatures; * * * holding that a venal legislature, temporarily vested with power, may corruptly bargain away those essential attributes of sovereignty and for all time; that corporate franchises bought from corrupt legislatures are sanctified and placed forever beyond recall by the people; that great trusts and combinations may place their yokes upon the necks of the people of the United States, who must groan forever under the weight, without remedy and without hope; that trial by jury and the ordinary criminal justice of the States, which ought to be kept near the people, are to be set aside, and Federal court injunctions substituted therefor; that those injunctions extend to preventing laboring men quitting their employment, although they are liable to be discharged by their employers at any time, thus creating and perpetuating a state of slavery. There is danger that the people will see these things all at once; see their enrobed judges doing their thinking on the side of the rich and powerful; see them look with solemn cynicism upon the sufferings of the masses, nor heed the earthquake when it begins to rock beneath their feet; see them present a spectacle not unlike that of Nero fiddling while Rome burns. There is danger that the people will see all this at one sudden glance, and that the furies will then break loose and that all hell will ride on their wings.

¹ Address before State Bar Association of Texas, 1896.

It is true that Judge Thompson spoke 19 years ago, but the real danger lies in the fact that during that period we have done little to remove the evils cited by him, and that there is even reason to fear that we have simply moved nearer to the danger line instead of away from it.

In considering the action which needs to be taken it has been urged by some that the end to be achieved is to place personal rights on a parity with property rights. It is necessary to render a firm protest and warning against the acceptance of such an ideal. The establishment of property rights and personal rights on the same level can leave only a constant and ever-growing menace to our popular institutions. With the acceptance of such an ideal our democracy is doomed to ultimate destruction. Personal rights must be recognized as supreme and of unalterable ascendancy over property rights.

Relief from these grave evils can not be secured by petty reforms. The action must be drastic and directed at the roots from which these evils spring.

With full recognition of the gravity of the suggestions, it seems necessary to urge the commission to make the following recommendations:

1. That Congress forthwith initiate an amendment to the Constitution providing in specific terms for the protection of the personal rights of every person in the United States from encroachment by the Federal and State Governments and by private individuals, associations, and corporations. The principal rights which should be thus specifically protected by the power of the Federal Government are the privilege of the writ of habeas corpus, the right to jury trial, to free speech, to peaceful assemblage, to keep and bear arms, to be free from unreasonable searches and seizures, to speedy public trial, and to freedom from excessive bail and from cruel and unusual punishments.

2. That Congress immediately enact a statute or, if deemed necessary, initiate a constitutional amendment, specifically prohibiting the courts from declaring legislative acts unconstitutional.

3. That Congress enact that in all Federal cases where the trial is by jury, all qualified voters in the district shall be included in the list from which jurors are selected, and that they shall be drawn by the use of a wheel or other device designed to promote absolute impartiality.

4. That Congress drastically regulate or prohibit private detective agencies doing business in more than one State, employed by a company doing an interstate business, or using the mails in connection with their business. Such regulation, if it is feasible, should include particularly the limitation of their activities to the bona fide functions of detecting crime, and adequate provision should be made for the rigid supervision of their organization and personnel.

4. DENIAL OF THE RIGHT OF ORGANIZATION.

The previous discussion of the causes of industrial unrest has dealt with the denial of certain fundamentals to which the workers believe they have natural and inalienable rights, namely, a fair distribution of the products of industry, the opportunity to earn a living, free access to unused land and natural resources, and just treatment by

legislators, courts, and executive officials. A more serious and fundamental charge is, however, contained in the allegation by the workers that in spite of the nominal legal right which has been established by a century-long struggle, almost insurmountable obstacles are placed in the way of their using the only means by which economic and political justice can be secured, namely, combined action through voluntary organization. The workers insist that this right of organization is fundamental and necessary for their freedom, and that it is inherent in the general rights guaranteed every citizen of a democracy. They insist that "people can free themselves from oppression only by organized force. No people could gain or maintain their rights or liberties acting singly, and any class of citizens in the State subject to unjust burdens or oppression can gain relief only by combined action."

The demand for organization and collective action has been misunderstood, it is claimed, because of the belief among a large number of citizens that its purpose was simply to secure better wages and better physical conditions. It has been urged, however, by a large number of witnesses before the commission that this is a complete misconception of the purposes for which workers desire to form organizations. It has been pointed out with great force and logic that the struggle of labor for organization is not merely an attempt to secure an increased measure of the material comforts of life, but is a part of the age-long struggle for liberty; that this struggle is sharpened by the pinch of hunger and the exhaustion of body and mind by long hours and improper working conditions; but that even if men were well fed they would still struggle to be free. It is not denied that the exceptional individual can secure an economic sufficiency either by the sale of his unusual ability or talent or by sycophantic subservience to some person in authority, but it is insisted that no individual can achieve freedom by his own efforts. Similarly, while it is admitted that in some cases exceptional employers treat their employees with the greatest justice and liberality, it is held to be a social axiom that no group of workers can become free except by combined action, nor can the mass hope to achieve any material advance in their condition except by collective effort.

Furthermore, it is urged by the representatives of labor that the efforts of individuals who are bent upon bettering their own condition without reference to their health or to the interests of others directly injure each of their fellow workers and indirectly weaken the whole fabric of society.

It is also pointed out that the evolution of modern industry has greatly increased the necessity for organization on the part of wage earners. While it is not admitted that the employer who has only one employee is on an economic equality with the person who is employed by him, because of the fact that the employer controls the means of livelihood, which gives him an almost incalculable advantage in any bargain, nevertheless this condition of inequality is held to have been enormously increased by the development of corporations controlling the livelihood of hundreds of thousands of employees and by the growth of employers' associations whose members act as a unit in questions affecting their relations with employees.

There have been many able and convincing expositions of this belief by witnesses before the commission, but there is no other which

seems to have so completely covered the entire field as the testimony of Mr. Louis D. Brandeis, who, as he stated, has studied this problem from the standpoint both of employers and of employees:

My observation leads me to believe that while there are many single things—single causes—contributing causes to unrest, that there is one cause which is fundamental, and it is the necessary conflict between—the contrast between—our political liberty and the industrial absolutism.

We are as free politically, perhaps, as it is possible for us to be. Every man has his voice and his vote, and the law has endeavored to enable, and has succeeded practically in enabling, him to exercise his political franchise without fear. He, therefore, has his part, and he certainly can secure an adequate part of the government of the country in all of its political relations—in all relations which are determined by legislation or governmental administration. On the other hand, in dealing with industrial problems the position of the ordinary worker is exactly the reverse. And the main objection, as I see it, to the large corporation is that it makes possible—and in many cases makes inevitable—the exercise of industrial absolutism. It is not merely the case of the individual worker against employer, which, even if he is a reasonably sized employer, presents a serious situation calling for the interposition of a union to protect the individual. But we have the situation of an employer so potent, so well organized, with such concentrated forces and with such extraordinary powers of reserve and the ability to endure against strikes and other efforts of a union, that the relatively loosely organized masses of even strong unions are unable to cope with the situation.

We are dealing here with a question not of motive, but of condition. Now, the large corporations and the managers of the large corporations—of the powerful corporations—are probably, in a large part, actuated by motives just the same as an employer of one-tenth of their size. Neither of them, as a rule, wishes to have his liberty abridged; but the smaller concern usually comes to the conclusion that it is necessary that it should be where there is an important union found. But when you have created a great power, when there exist these powerful organizations who can afford—not only can successfully summon forces from all parts of the country—to use tremendous amounts of money in any conflict to carry out what they deem to be their business principles, you have necessarily a condition of inequality between the two contending forces. The result is that contests, doubtless undertaken with the best of motives and with strong convictions of what is for the best interests not only of the company but of the community, leads to absolutism. In all cases of these large corporations the result has been to develop a benevolent absolutism—an absolutism all the same; and it is that which makes the great corporation so dangerous. It is because you have created within the State a state so powerful that the ordinary forces existing are insufficient to meet it.

Now, to my mind the situation of the worker that is involved—and I noted, Mr. Chairman, that when you put the question you put the question of physical condition—unrest, in my mind, never can be removed, and, fortunately never can be removed by the mere improvement of the physical and material conditions of the working man. If it were we should run great risk of improving their material conditions and reducing their manhood. We must bear in mind all the time that however much we may desire material improvement and must desire it for the comfort of the individual, we are a democracy; and that we must have above all things men; and it is the development of manhood to which any industrial and social system must be directed. We are committed not only to social justice in the sense of avoiding things which bring suffering and harm and unequal distribution of wealth, but we are committed primarily to democracy, and the social justice to which we are headed is an incident of our democracy, not an end itself. It is the result of democracy, but democracy we must have. And, therefore, the end to which we must move is a recognition of industrial democracy as the end to which we are to work, and that means this: It means that the problems are not any longer, or to be any longer, the problems of the employer. The problems of his business—it is not the employer's business. The union can not shift upon the employer the responsibility for the conditions, nor can the employer insist upon solving, according to his will, the conditions which shall exist; but the problems which exist are the problems of the trade; they are the problems of the employer and the employee. No possible degree of profit sharing, however liberal, can meet

the situation. That would be again merely dividing the proceeds of business. That might do harm or it might do good, dependent on how it is applied.

No mere liberality in the division of the proceeds of industry can meet this situation. There must be a division not only of the profits, but a division of the responsibilities; and the men must have the opportunity of deciding, in part, what shall be their condition and how the business shall be run. They also, as a part of that responsibility, must learn that they must bear the results, the fatal results, of grave mistakes, just as the employer. But the right to assist in producing the results, the right, if need be, the privilege of making mistakes, is a privilege which can not be denied to labor, just as we must insist on their sharing the responsibilities for the result of the business.

Now, to a certain extent we get that result—are gradually getting it—in smaller businesses. The grave objection to the large business is that almost inevitably, from its organization, through its absentee stockholdership, through its remote directorship, through the creation practically of stewards to take charge of the details of the operation of the business and coming into direct relation with labor, we lose that necessary cooperation which our own aspirations—American aspirations—of democracy demand. And it is in that, in my opinion, that we will find the very foundation of the unrest; and no matter what is done with the superstructure, no matter how it may be improved one way or the other, unless we reach that fundamental difficulty, the unrest will not only continue, but in my opinion will grow worse.

It is very significant that out of 230 representatives of the interests of employers, chosen largely on the recommendations of their own organizations, less than half a dozen have denied the propriety of collective action on the part of employees. A considerable number of these witnesses have, however, testified that they denied in practice what they admitted to be right in theory. A majority of such witnesses were employers who in the operation of their business maintained what they, in accordance with common terminology, called the "open shop." The theory of the "open shop," according to these witnesses, is that workers are employed without any reference to their membership or nonmembership in trade unions; while, as a matter of fact, it was found upon investigation that these employers did not, as a rule, willingly or knowingly employ union men. Nevertheless, this is deemed by the commission to be a minor point. The "open shop," even if union men are not discriminated against, is as much a denial of the right of collective action as is the "antiunion shop." In neither is the collective action of employees permitted for the purpose of negotiating with reference to labor conditions. Both in theory and in practice, in the absence of legislative regulation, the working conditions are fixed by the employer.

It is evident, therefore, that there can be at best only a benevolent despotism where collective action on the part of the employees does not exist.

A great deal of testimony has been introduced to show that employers who refuse to deal collectively with their workmen do in fact grant audiences at which the grievances of their workmen may be presented. One is repelled rather than impressed by the insistence with which this idea has been presented. Every tyrant in history has on stated days granted audiences to which his faithful subjects might bring their complaints against his officers and agents. At these audiences, in theory at least, even the poorest widow might be heard by her sovereign in her search for justice. That justice was never secured under such conditions, except at the whim of the tyrant, is sure. It is equally sure that in industry justice can never be attained by such a method.

The last point which needs to be considered in this connection is the attitude frequently assumed by employers that they are perfectly willing to deal with their own employees collectively, but will resist to the end dealing with any national organization, and resent the intrusion of any persons acting for their employees who are not members of their own labor force. In practice these statements have been generally found to be specious. Such employers as a rule oppose any effective form of organization among their own employees as bitterly as they fight the national unions. The underlying motive of such statements seems to be that as long as organizations are unsupported from outside they are ineffective and capable of being crushed with ease and impunity by discharging the ringleaders. Similarly, the opposition to the representation of their employees by persons outside their labor force seems to arise wholly from the knowledge that as long as the workers' representatives are on the pay roll they can be controlled, or, if they prove intractable they can be effectually disposed of by summary dismissal.

To suggest that labor unions can be effective if organized on less than a national scale seems to ignore entirely the facts and trend of present-day American business. There is no line of organized industry in which individual establishments can act independently. Ignoring for the time the centralization of control and ownership, and also the almost universal existence of employers' associations, the mere fact of competition would render totally ineffective any organization of employees which was limited to a single establishment. Advance in labor conditions must proceed with a fair degree of uniformity throughout any line of industry. This does not indeed require that all employees in an industry must belong to a national organization, for experience has shown that wherever even a considerable part are union members, the advances which they secure are almost invariably granted by competitors, even if they do not employ union men, in order to prevent their own employees from organizing.

The conclusions upon this question, however, are not based upon theory, but upon a thorough investigation of typical situations in which the contrast between organization and the denial of the right of organization could best be studied. The commission has held public hearings and has made thorough investigations in such industrial communities as Paterson, N. J., Los Angeles, Cal., Lead, S. Dak., and Colorado, where the right of collective action on the part of employees is denied. These investigations have shown that under the best possible conditions, and granting the most excellent motives on the part of employers, freedom does not exist either politically, industrially, or socially, and that the fiber of manhood will inevitably be destroyed by the continuance of the existing situation. Investigations have proved that although the physical and material conditions may be unusually good, as, for example, in Lead, S. Dak., they are the price paid for the absolute submission of the employees to the will of the employing corporation. Such conditions are, moreover, shown by the hearings of the commission and by the investigations of its staff to be unusual. Los Angeles, for example, although exceptionally endowed in location, climate, and natural resources, was sharply criticized for the labor conditions

which had developed during its "open shop" régime even by Mr. Walter Drew, representing several of the largest associations which contend for the "open shop." It is significant that the only claim ordinarily made for the conditions in such establishments or localities is that "they are as good as are secured by the union." As a matter of fact, there are few establishments which make this boast, and in the majority the conditions were found to be far below any acceptable standards.

The commission has also, through public hearings and the investigations of its staff, made a thorough and searching investigation of the conditions in those industries and establishments where collective action, through the medium of trade unions and joint agreements, exists. It has not been found that the conditions in such industries are ideal, nor that friction between employers and the unions is unknown; nor has it been found that the employees in such industries have entirely achieved economic, political, and industrial freedom, for these ideals can not be gained until the fundamental changes in our political and economic structure, which have already been referred to, have in some way been accomplished. It has been found, however, that the material conditions of the workers in such industries and establishments are on a generally higher plane than where workers are unorganized; that important improvements in such conditions have been achieved as the direct result of organization; that the friction which exists in such industries and establishments has been reduced rather than increased by organization; and that the workers at least have secured a basis upon which their political and economic freedom may ultimately be established.

The evils of graft, "machine politics," factional fights, and false leadership, which have been found sometimes to exist in such organized industries, are those which are inevitable in any democratic form of organization. They are the same evils which have accompanied the development of the American Nation, and of its States and municipalities. Such evils as we have found to exist are indeed to be condemned, but a study of the history of these organizations seems to show clearly that there is a tendency to eradicate them as the organizations become stronger and as the membership becomes more familiar with the responsibilities and methods of democratic action. Furthermore, there is a fundamental principle which applies in this field as in all other lines of human activity. This principle is contained in the following contrast: In democratic organizations such evils and excesses as may arise tend to disrupt and destroy the organization and are therefore self-eradicating; while in an autocracy, evils and excesses tend inevitably to strengthen the existing autocrat and can be eradicated only in the event of a revolt on the part of those who suffer from such evils. This is the history not only of every form of artificial association, but of nations.

The fundamental question for the Nation to decide, for in the end public opinion will control here as elsewhere, is whether the workers shall have an effective means of adjusting their grievances, improving their condition, and securing their liberty, through negotiation with their employers, or whether they shall be driven by necessity and oppression to the extreme of revolt. Where men are well organized, and the power of employers and employees is fairly well balanced, agreements are nearly always reached by negotiation; but,

even if this fails, the strikes or lockouts which follow are as a rule merely cessations of work until economic necessity forces the parties together again to adopt some form of compromise. With the unorganized there is no hope of achieving anything except by spontaneous revolt. Too often has it been found that during the delay of attempted negotiations the leaders are discharged and new men are found ready to take the place of those who protest against conditions. Without strike funds or other financial support the unorganized must achieve results at once; they can not afford to wait for reason and compromise to come into play. Lacking strong leaders and definite organization, such revolts can only be expected to change to mob action on the slightest provocation.

Looking back over the industrial history of the last quarter century, the industrial disputes which have attracted the attention of the country and which have been accompanied by bloodshed and violence have been revolutions against industrial oppression, and not mere strikes for the improvement of working conditions. Such revolutions in fact were the railway strikes of the late eighties, the Homestead strike, the bituminous coal strike of 1897, the anthracite strikes of 1900 and 1903, the strike at McKees Rocks in 1909, the Bethlehem strike of 1910, the strikes in the textile mills at Lawrence, Paterson, and Little Falls, many of the strikes in the mining camps of Idaho and Colorado, the garment workers' strikes in New York and other cities, and the recent strikes in the mining districts of West Virginia, Westmoreland County, Pa., and Calumet, Mich.

As a result, therefore, not only of fundamental considerations but of practical investigations, the results of which are described in detail hereinafter, it would appear that every means should be used to extend and strengthen organizations throughout the entire industrial field. Much attention has been devoted to the means by which this can best be accomplished, and a large number of suggestions have been received. As a result of careful consideration, it is suggested that the commission recommend the following action:

1. Incorporation among the rights guaranteed by the Constitution of the unlimited right of individuals to form associations, not for the sake of profit but for the advancement of their individual and collective interests.

2. Enactment of statutes specifically protecting this right and prohibiting the discharge of any person because of his membership in a labor organization.

3. Enactment of a statute providing that action on the part of an association of individuals not organized for profit shall not be held to be unlawful where such action would not be unlawful in the case of an individual.

4. That the Federal Trade Commission be specifically empowered and directed by Congress, in determining unfair methods of competition to take into account and specially investigate the unfair treatment of labor in all respects, with particular reference to the following points:

- (a) Refusal to permit employees to become members of labor organizations.

- (b) Refusal to meet or confer with the authorized representatives of employees.

5. That the Department of Labor, through the Secretary of Labor or any other authorized official, be empowered and directed to present to the Federal Trade Commission, and to prosecute before that body all cases of unfair competition arising out of the treatment of labor which may come to its attention.

6. That such cases, affecting as they do the lives of citizens in the humblest circumstances, as well as the profits of competitors and the peace of the community, be directed by Congress to have precedence over all other cases before the Federal Trade Commission.

CONCLUSIONS AND RECOMMENDATIONS.

The remainder of the report is devoted largely to the conclusions and recommendations with respect to specific questions propounded by Congress. The facts upon which these conclusions and recommendations are based are contained in the testimony taken by the commission and in the reports of its investigators. The complete corrected testimony is transmitted to Congress, as well as a carefully prepared digest of the evidence. The reports of the investigators have likewise been placed in the possession of Congress.¹

I. INDUSTRIAL CONDITIONS OF ADULT WORKMEN IN GENERAL INDUSTRIES.

In this section only the conditions of adult workmen are considered, leaving the questions affecting women and children for separate consideration later. The problems involved are essentially different, and the position of women and children in relation to the State may be clearly distinguished from the position of adult workmen.

WAGES.

As a result of the investigations which have been made the following conclusions are justified:

1. The welfare of the State demands that the useful labor of every able-bodied workman should, as a minimum, be compensated by sufficient income to support in comfort himself, a wife, and at least three minor children, and in addition to provide for sickness, old age, and disability. Under no other conditions can a strong, contented, and efficient citizenship be developed.

2. Under existing conditions such an income is not received by fully one-half of the wage earners employed in industry.

3. The natural resources of the United States are such that an industrial population properly educated and efficiently organized can produce enough to achieve this standard of living.

4. It is probable that even at present the national agricultural and industrial output is sufficient to permit the establishment of such a standard.

5. The problem is therefore essentially one of distribution.

6. The fixing of the wages of adult workmen by legal enactment is not practicable nor desirable as a general policy, except for public employees.

7. A just standard of wages in any industry or occupation can best be reached by collective bargaining between employers and employees

¹ These reports have not been printed with this document, on the recommendation of Chairman Frank P. Walsh, as stated in his letter in Senate Report No. 143, Sixty-fourth Congress.

for the purpose of forming voluntary joint agreements. The success and justice of such joint agreements is, however, dependent upon the essential equality of the two parties and can not be attained unless effective organization exists.

It is suggested that the commission make the following recommendations:

1. In order that the public may be kept fully informed with regard to labor conditions, and that a proper basis of facts should exist for negotiation and arbitration, the Federal Government should enact the necessary legislation to provide for the collection, through the Bureau of Labor Statistics or otherwise, of the full and exact facts regarding wages, hours of labor, and extent of unemployment for every industry. Every employer should be required by law to file with the proper authority a sworn statement of these facts according to a prescribed form. These statistics should be published annually, and the full data regarding any industry or plant should be accessible to any mediator or any other responsible citizen.

2. Uniform statutes should be passed by the legislatures of all States requiring that wages be paid at least semimonthly and in cash, except where by joint agreement other methods are agreed upon.

HOURS OF LABOR.

As a result of investigation the following conclusions are justified:

1. The physical well-being, mental development, and recreational needs of every class of population demand that under normal circumstances the working day should not exceed eight hours.

2. A very large percentage of the workmen in manufactures, transportation, and mining work more than eight hours per day.

3. This is in marked contrast to the condition of those whose economic position enables them to define the length of their own working day.

4. Practical experience has shown that the reduction of working hours is in the interest not only of the worker and the community generally, but of the employer.

5. The regulation by legal enactment of working hours of adult workmen is not generally practicable nor desirable, except for public employees.

It is suggested that the commission recommend:

1. That in the so-called continuous occupations, other than the movement of trains, requiring work during both the day and the night for six or seven days per week, the State and Federal Governments should directly intervene, so that the working hours should not exceed eight per day nor extend to more than six days per week.

SAFETY AND SANITATION.

The investigations which have been made warrant the following conclusions:

1. Great progress has been made during recent years in promoting safety and sanitation in manufacturing, mining, and transportation.

2. The progress has been most rapid in the direction of safeguarding workers from industrial accidents.

3. Progress in safety has been in part the result of continued agitation and education, but has proceeded most rapidly and satisfactorily since the enactment of workmen's compensation laws, which render unsafe working conditions expensive to the employer.

4. The movement has also been largely promoted by the formation of safety committees composed of officials and workmen, and by the creation of joint conferences of employers and employees to assist and advise State officials in the administration of the law and in the formulation of safety rules.

5. The campaign for safety needs, however, to be greatly extended as rapidly as possible. The annual list of accidents, approximately 35,000 fatalities and 700,000 injuries involving disability of over four weeks, can not be regarded complacently. From one-third to one-half of these accidents have been estimated by competent authorities to be preventable by proper safeguards, inspection, and control.

6. The advance in the sanitation of workshops has been less rapid, because not only are the dangers less obvious, but there is no financial liability for diseases or deaths occurring as the result of improper sanitation. Future progress in sanitation demands attention not only to cleanliness and ventilation but to occupational diseases.

7. The most direct incentive for the promotion of sanitation would be the adoption of a proper system of sickness insurance.

It is suggested that the commission recommend:

1. The creation of a bureau of industrial safety (except that the section providing a museum of safety is not indorsed). Proper steps should be taken to provide for the coordination of the work of all Federal bureaus whose work is concerned with industrial safety.

2. The appropriations of the Public Health Service for the investigation and promotion of industrial sanitation should be increased.

HOUSING.

It has been found in the course of the commission's investigations:

1. The present provisions for the housing of workmen are generally bad, not only in the large cities but in industrial communities of every size and in rural districts.

2. Not only are the houses and tenements which are available for workers largely insanitary and unfit for habitation but they are inadequate, resulting in high rents, overcrowding, and congestion.

3. Such conditions make not only for discomfort and unhappiness, but for disease and degeneration.

4. The ordinary method of supplying houses through their erection by private capitalists for investment and speculation has rarely, if ever, been adequate.

5. Excellent plans for the housing of workmen have been put into effect by a number of firms and corporations, but such measures have not at all affected the general situation, and being dependent upon the volition of individuals can not be regarded as likely to greatly influence progress.

6. The tenement-house acts, as well as the health ordinances and building regulations of municipalities, while generally productive of good effects, are at best surface remedies and can never cure the evils of the present housing situation.

7. In every important European country Government aid and direct intervention to curb speculation have proved to be necessary for the promotion of any real progress.

8. Governmental action in Europe has chiefly taken the following forms:

(a) Extension of credit to voluntary nonprofit-making associations.

(b) Construction by the Government of buildings which are leased for long periods on easy terms.

(c) Exemption from taxation and other subsidies for homes constructed for occupancy by their owners.

(d) Legislation designed to prevent the holding of land out of use and to secure for the Government a part of the "unearned increment."

It is suggested that the commission recommend:

1. The Federal and State Governments should institute investigations directed not so much to ascertaining existing housing conditions as to formulating constructive methods by which direct support and encouragement to the promotion of improved housing can be given. Actual experiment in the promotion of housing should proceed as rapidly as proper plans can be drafted.

2. Special attention should be given to taxation, in order that land should as far as possible be forced into use and the burden of taxation be removed from home owners.

3. The municipalities should be relieved from all State restrictions which now prevent them from undertaking the operation of adequate housing schemes and from engaging in other necessary municipal enterprises.

II. WOMEN AND CHILDREN IN INDUSTRY.

The investigations and hearings of the commission justify the conclusions:

1. As a result of their unprotected condition, women and children are exploited in industry, trade, domestic service, and agriculture to an extent which threatens their health and welfare and menaces the well-being of future generations.

2. The competition of women and children is a direct menace to the wage and salary standards of men.

3. Under present conditions, children are permitted by their parents to go to work largely because their earnings are necessary for the support of the rest of the family. The restrictive legislation of the past quarter century, although admirable in purpose and ultimate results, has thrown a heavy burden upon the fathers and mothers, who, at existing wages, have been barely able to support their families. The evidence shows that the burden of child-labor legislation has rested upon the wage earners rather than upon employers. It is the testimony of enlightened employers that the employment of children is unprofitable, and that the effect of excluding children from factories has been to increase rather than decrease profits. In the interests of society as a whole, further restrictions on the employment of immature children are necessary, but it is important that they should be made with an understanding that the burden will rest primarily upon the wage earners, whose self-sacrifice should be fully recognized.

4. The increasing employment of women has been due to two primary causes: First, the low wages of men, which have made the earnings of women necessary for the support of the family, and, second, the inducement to employers to substitute women for men because they will accept lower wages and are less likely to protest against conditions. The substitution of women for men has been greatly assisted by the introduction of improved machinery, which makes strength and technical skill unnecessary.

5. The increased employment of women under present working conditions is a serious menace to their own health and well-being, to the wages of their husbands and brothers, and to the ideals of family life upon which American civilization has been established.

6. The conditions under which women are employed in domestic service and in agriculture merit the attention of the Nation no less than does their employment in manufacturing and trade. Not only is the economic condition of women employed in agriculture and domestic service a matter of grave concern, but they are subject to overwork, unreasonable hours, and personal abuse of various kinds, from which they have been largely relieved in factories and stores through agitation and legislation.

7. The position of women in industry has been rendered doubly hard by reason of their lack of training for industrial work, by the oversupply of such labor and the consequent competition, by their traditional position of dependence, and by their disfranchisement.

8. A very thorough investigation in the New England States failed to show a single manufacturer who had left a State as a result of restrictive factory legislation. On the contrary, the majority of manufacturers expressed the opinion that the legislation regulating conditions for women and children had been advantageous to the industry as a whole, particularly because it placed all competitors upon the same footing. Similarly an investigation of the effects of minimum-wage legislation failed to show any calculable effects upon the cost of production or upon the employment of women after a sufficient period had elapsed to allow the necessary readjustments to be made.

9. Nevertheless, there is a strong and increasing demand on the part of manufacturers in the more progressive States that regulation of factory conditions should be undertaken by the Federal Government, in order that competitors in all parts of the country should be placed upon an equal footing in this respect. The same demand comes also from the representatives of labor not only because the argument of "interstate competition" is creating strong opposition to progressive legislation, but because of the great economy of effort which would result from having to make the fight for better legislation only at the National Capital instead of in 45 States.

It is suggested that the commission recommend:

1. The recognition both by public opinion and in such legislation as may be enacted of the principle that women should receive the same compensation as men for the same terms.

2. Until this principle is recognized and women are accorded equal political rights, the extension of State protection of women, through legislation regulating working conditions, hours of service, and minimum wages, is highly desirable.

3. The increased organization of working women for self-protection and the improvement of their industrial conditions.

4. The inclusion of all women working for wages, whether in industry, trade, domestic service, or agriculture, under future legislation regulating their wages, hours, or working conditions.

5. The extension of the principle of State protection of children and the rapid increase of facilities for their education as outlined elsewhere.

6. The enactment by Congress of legislation embodying the principles contained in the so-called Palmer-Owen bill, which was before Congress at the last session.

III. INDUSTRIAL CONDITIONS AND RELATIONS ON PUBLIC UTILITIES.

GENERAL.

The investigations of the commission show:

1. The scope of the Newlands Act, which applies only to employees engaged in the operation of interstate railroads, is too narrow and leaves the public service in the transmission of intelligence and in the handling of interstate commerce likely to be interrupted by labor disputes without any adequate legal provision either for mediation and conciliation or for making the facts involved in the dispute known to the public.

2. Even as applied to train-service employees, the Newlands Act provides no means of bringing the facts before the public, except when both sides agree to arbitration.

3. The selection of impartial members of arbitration boards has almost without exception devolved upon the Board of Mediation and Conciliation, owing to the inability of the parties to agree. This not only imposes an unpleasant and burdensome task upon the Board of Mediation and Conciliation, but tends greatly to weaken its influence. The experience in Great Britain shows that agreement can be reached by joint conference of employers and employees during a period of industrial peace for the selection of a panel of impartial persons from which arbitrators can be selected when they are needed, and seems to indicate that in the United States the inability of the parties to agree upon impartial arbitrators is due in part at least to the fact that they are always selected during the heat of the conflict.

It is suggested that the commission recommend:

1. The extension of the Newlands Act to cover not only all classes of railroad employees, but all employees of public-service corporations which are engaged in interstate commerce.

2. The functions of the Board of Mediation and Conciliation under the Newlands Act should be extended to provide for the creation of boards of investigation, to be formed only by consent of both parties and to make a report of facts and recommendations which will not be binding upon either side.

3. The Board of Mediation and Conciliation should be authorized by Congress to create an advisory council, composed of equal numbers of employers and employees, for the purpose of creating a panel of names from which impartial arbitrators may be chosen by the Board of Mediation and Conciliation.

TELEGRAPH.

The investigations and hearings of the commission justify the following conclusions:

1. The workers employed by the two principal telegraph companies (the Western Union Telegraph and the Postal Telegraph-Cable) are not only underpaid, as admitted by the highest officials in their testimony before the commission, but subject to many abuses, such as the denial of proper periods of relief while on duty; the establishment of arbitrary speed rates, which frequently result in overstrain; the arbitrary discharge of employees without notice for any cause or no cause; the employment of young boys for messenger service under conditions which can result only in their moral corruption; and the employment of women for telegraph service at night.

2. Such conditions have existed practically without change at least since 1884, in spite of the facts having been made public by three Government investigations.

3. The workers are practically unable to improve their condition because these two companies, which control practically the entire industry, deny them the right of organization. The suppression of organization is effectively carried out by the discharge of all known to be union men or union sympathizers, by the use of spies who fraudulently secure the confidence of employees and report all known to be union members or sympathizers, by the use of an effective system of blacklisting, and by the control even of the personnel of the operators upon leased wires in the offices of brokers and other private individuals.

4. The two companies have a monopoly of the transmission of telegrams, and no effective competition exists between them. These companies are performing a service in the transmission of intelligence which has been held by the Federal Supreme Court to have been reserved by the Constitution specifically to the Federal Government.

5. The telegraph companies are enormously overcapitalized, and their rates, which are graded to pay dividends upon large amounts of stock which do not represent the investment of cash, are very much higher than the cost of service warrants.

6. Owing to the duplication of offices on the part of the two companies and the maintenance of branch offices which are idle for a large part of the time, this service is being performed inefficiently and at an unusually high cost in spite of the low wages paid the operators.

It is suggested that the commission recommend:

1. The property of the telegraph companies or such part of their equipment as may be necessary for the efficient operation of a national telegraph system should be purchased by the Federal Government after proper valuation and placed under the general jurisdiction of the Post Office Department for operation.¹ In transferring the service to the Federal Government all employees, including officials and other persons, necessary for successful operation should be retained, and those whom the elimination of the duplicate service of the two companies renders unnecessary for the national system

¹ The economic argument for the postalization of telegraphs and telephones is presented in the testimony of Hon. David J. Lewis before the commission.

should be absorbed into other branches of the Federal service as far as practicable.

2. At the time of the transfer to the Federal service a special commission should be appointed to revise the salary ratings and other working conditions and place them upon a proper basis.

TELEPHONE.

The investigations of the commission are the basis for the following statements:

1. The condition of the telephone operators in both interstate and local service is subject to grave criticism. The wages paid even in the cities having the highest standards are insufficient to provide decently for women who have no other means of support. The requirements and nervous strain incident to the service are so very severe that experienced physicians have testified that operators should work not more than five hours per day, whereas the regular working hours are from seven to nine per day. The operators, who are principally girls and young women, are required to work at night, going to and returning from their work at hours when they are subject to grave menace. The policy of the companies in general provides for sanitary and reasonably comfortable working places and for attention to the recreation and physical needs of the operators, but in a number of cities the conditions even in these respects are subject to severe criticism.

2. The telephone operators are unable to secure reasonable conditions for themselves because of their youth and the fact that they ordinarily remain in the service only a short time.

3. The organization of employees for their own protection is effectively resisted by the employing companies.

4. The American Telephone & Telegraph Co., with its subsidiary and affiliated corporations, controls more than 70 per cent of the total telephone business of the country. The American Telephone & Telegraph Co. has been enormously profitable and is well able to afford the necessary improvements in working conditions. The American Telephone & Telegraph Co. has increased its capitalization enormously without the investment of new capital.

5. The transaction by which the American Telephone & Telegraph Co., which had been a subsidiary of the American Bell Telephone Co., absorbed the parent company in 1899 was not only designed to evade the legal limitations contained in the Massachusetts charter of the American Bell Telephone Co., but resulted in the increase of the capitalization of the combination from \$25,886,300 to \$75,276,600 without the addition of any new capital.

6. The transmission of intelligence is a function which is specifically reserved by the Constitution to the Federal Government, but which in the telephone field has been permitted to become the practical monopoly of a single corporation.

It is suggested that the commission recommend:

1. The purchase by the Federal Government, after proper valuation, of the property of the interstate and local telephone companies, or such part of their equipment as may be necessary for the efficient operation of a national telephone system.

2. The transfer of all employees, including officials, necessary for the efficient operation of the national telephone system to the Federal service, as far as possible, and the absorption, as far as practicable, of all employees who are not necessary for the telephone system into other branches of the Federal service.

3. When such employees are transferred to the Federal service, the creation of a special commission to establish salary ratings and other working conditions on a proper basis.

4. In the meantime provision should be made by Congress for the creation of a minimum wage board to fix minimum wage standards for women employees who are engaged in the transmission of messages in interstate commerce. The board should be authorized to differentiate between localities in fixing minima, if on due consideration such differential rates should be deemed advisable.

5. The creation of minimum wage boards in the several States to fix minimum wages for all women employees engaged in service within the State.

THE PULLMAN CO.

The investigations and hearings of the commission developed the following facts:

1. The conductors and porters employed in the car service of the Pullman Co. are employed under conditions which seem to require radical readjustment. Both classes of employees are admitted by officials of the company to be underpaid.

The standard salary of the porters (\$27.50 per month) is such that the porters are obliged to secure tips from the public in order to live. The Pullman Co. is admitted by the chairman of the board of directors to be the direct beneficiary of the tips from the public to the extent of the difference between a fair wage and that which is now paid.

The hours of service are extremely long, the regulations of the company allowing porters and conductors when in service only four hours' sleep per night and penalizing them severely if they sleep while on duty. Employees of the Pullman Co. are subject to many other abuses, among which may be mentioned the arbitrary deduction from their salaries for such time as they may not be needed for the actual service of the company, although they are required to report at the office each morning and are sometimes compelled to wait the greater part of the day without compensation; the requirement that porters shall furnish blacking, although they are not permitted to charge passengers for the service of shoe cleaning; the system of arbitrary penalties for the infraction of multitudinous rules; the requirement that all employees shall purchase their uniforms from one mercantile establishment, the owners of which are largely interested in the Pullman Co.; and the lack of proper provision of sleeping quarters for employees when away from their home stations.

2. The Pullman Co. has a bonus system by which employees who have a "clean record" for the year receive an extra month's salary. This system serves to increase the earnings of those who receive the bonus, and is unquestionably appreciated by them. Nevertheless it is inequitable in penalizing with extra severity any infractions of

rules which occur during the latter half of the year, and puts into the hands of officials and inspectors a means of discrimination which can be arbitrarily exercised.

3. The effect of the tipping system is not only to degrade those who are obliged by their economic conditions to accept tips but to promote discrimination in the service of the public.

4. The employees of the Pullman Co. are unable to improve their condition through organization, as employees known to be members of labor unions are discharged, and through the means of an effective system of espionage employees are deterred from affiliating with labor unions.

5. The company is tremendously overcapitalized, having increased its capitalization from \$36,000,000 in 1893 to \$120,000,000 in 1915, without the investment of a single dollar on the part of the stockholders. Upon the basis of actual cash paid in, the annual dividends of the company are not less than 29 per cent. During the history of the company the stockholders have received cash dividends amounting to at least \$167,000,000 and special stock dividends of \$64,000,000, making a total of \$231,000,000 on an actual investment of \$32,601,238.

6. The company enjoys a practical monopoly of the sleeping-car service.

It is suggested that the commission recommend:

1. The enactment by Congress of a statute prohibiting the tipping of any employee of a public-service corporation engaged in interstate commerce and providing a proper fine for both the giver and the recipient of the tip.

2. The amendment of the existing law regulating the hours of service of train employees to include the employees engaged in the Pullman service.

3. The extension of the Newlands Act, as already suggested, to cover the Pullman Co.

RAILROADS.

The investigations of the commission with regard to railroads have been too limited to permit of general findings or recommendations. Enough evidence has, however, come before the commission with regard to three points to warrant attention.

1. The railroad construction camps are largely insanitary, overcrowded, and improperly equipped for the health and comfort of the employees. In addition, there are many abuses, such as overcharging at the commissary and grafting by foremen.

2. The so-called voluntary benefit associations of a number of the railroads constitute, under the present system of management, a great injustice to employees. These funds, which are contributed almost entirely by the employees, the management as a rule paying only the cost of administration, until recently were generally used to relieve the companies from liability for accident, employees being required to sign a release in favor of the company at the time that they became members of the benefit association. In some cases, even, the membership is compulsory. Nevertheless, the employees have no voice in the management and receive no equity when they are discharged. Finally, such associations, under their present management, serve to

exert an undue influence over employees, since the members, if they quit the service for any period or for any cause, sacrifice to the company all that has been paid in.

3. Under the authority granted by the several States the railroads maintain a force of police, and some, at least, have established large arsenals of arms and ammunition. This armed force, when augmented by recruits from detective agencies and employment agencies, as seems to be the general practice during industrial disputes, constitutes a private army clothed with a degree of authority which should be exercised only by public officials; these armed bodies, usurping the supreme functions of the State and oftentimes encroaching on the rights of the citizens, are a distinct menace to public welfare.

It is suggested that the commission recommend:

1. Thorough investigation by the Public Health Service of railroad construction camps as well as other labor camps, and the preparation of definite plans for such camps and a standard code of sanitary regulations.

2. The enactment by Congress of a statute expressly prohibiting corporations engaged in interstate commerce from inducing or compelling their employees to sign releases of liability for accidents.

3. Congress should enact a statute prohibiting interstate employers from requiring their employees to contribute to benefit funds, and providing for the participation of employees engaged in interstate commerce in the management of all benefit funds and other funds to which they contribute.

4. The regulation by Federal statute of the employment of police on interstate railroads. The statute should not only provide for the organization, personnel, and powers of such police, but should definitely provide that during labor disputes such police should be subject to the proper civil authorities and paid out of the public treasury. The statute should also provide that such corporations should be permitted to have firearms only under license, requiring that a definite record be maintained showing the character of each firearm and to whom it is issued.

5. The assumption by the States of full responsibility and definite provision not only for protecting the property of railroads, but for preventing trespass upon their property.

IV. INDUSTRIAL CONDITIONS IN ISOLATED COMMUNITIES.

The investigations and hearings of the commission are the basis for the following statements:

1. The conditions existing in typical industrial communities which are either wholly or in large part owned or controlled by a single corporation or individual employer, present every aspect of a state of feudalism except the recognition of specific duties on the part of the employer. The employees in such communities are dependent on a single corporation, or employer, for their livelihood. Furthermore, the employer in many cases controls the social and political life of such communities, either by the complete absorption of local political powers or by domination of the local authorities.

2. The fundamental rights of citizens in such communities are, as a general rule, seriously abridged, if not actually denied. Among

the rights most seriously violated are the right of free speech and assemblage and the right of public highways.

In some cases, as, for example, in Colorado, employers in such communities have assumed to usurp the functions of the Federal Government itself in the issuance of money orders, and have not only denied employees access to the post office when located in their company stores but have opened and otherwise interfered with the mail directed to the employees.

Such feudalistic conditions tend to develop principally in connection with the private exploitation of natural resources, being most frequently found in mining camps, lumber camps (including turpentine camps), and large plantations. There are, however, striking examples even in the case of manufactures, as, for examples, the textile towns and steel towns.

3. The most extreme form of domination and control exists in what are known as "closed camps," where the employer owns all the land upon which such camps are located and, because of this private ownership, not only exercises control over the local government but dictates arbitrarily who shall be permitted to come into or pass through such communities. It has frequently been argued that such communities are simply the inevitable accompaniment of the development of new country and will be eliminated with time. This is not true, however, as the commission's investigations have disclosed a large number of "closed camps" which have been in existence for more than a generation.

It is suggested that the commission recommend:

1. The enactment of appropriate State legislation providing that where communities develop, even upon privately owned land, the powers of the civil government shall not be interfered with, nor shall the rights of access to the residence of any person be restricted, nor shall the rights of persons to come and go unmolested, to speak freely and to assemble peacefully, be interfered with or considered to stand upon a different basis from the rights of persons in other communities.

2. In the case of public lands containing timber or minerals, which are now or may hereafter come into the possession of the Federal Government, it should be provided by statute that neither the lands nor the mineral rights should under any circumstances be sold, but should be used only upon lease for a limited term, such lease to contain as a part of the contract the conditions with regard to the rights of inhabitants as recited above and such lease to be forfeitable without recourse in case of the infraction of said conditions.

3. The Post Office Department should be directed to report to Congress all communities in which the post office is in any company's store or other building operated by an employer or in which the postmaster is a private employer or the agent of an employer. The report should show the facts separately for those communities in which the employer or corporation operates an industry upon which any large number of inhabitants are dependent.

4. Congress and the State legislatures should enact statutes providing that any attempt on the part of an employer to influence his employees, either directly or indirectly, in connection with any Federal election, either for or against any particular candidate, shall

constitute intimidation; and further specifying that it shall constitute intimidation for any employer to give notice to his workmen that in the event of the election of any particular candidate the establishment will not be operated.

V. THE CONCENTRATION OF WEALTH AND INFLUENCE.

The evidence developed by the hearings and investigations of the commission is the basis for the following statements:

1. The control of manufacturing, mining, and transportation industries is to an increasing degree passing into the hands of great corporations through stock ownership, and control of credit is centralized in a comparatively small number of enormously powerful financial institutions. These financial institutions are in turn dominated by a very small number of powerful financiers.

2. The final control of American industry rests, therefore, in the hands of a small number of wealthy and powerful financiers.

3. The concentration of ownership and control is greatest in the basic industries upon which the welfare of the country must finally rest.

4. With few exceptions each of the great basic industries is dominated by a single large corporation, and where this is not true the control of the industry through stock ownership in supposedly independent corporations and through credit is almost, if not quite, as potent.

5. In such corporations, in spite of the large number of stockholders, the control through actual stock ownership rests with a very small number of persons. For example, in the United States Steel Corporation, which had in 1911 approximately 100,000 shareholders, 1.5 per cent of the stockholders held 57 per cent of the stock, while the final control rested with a single private banking house.

Similarly, in the American Tobacco Co., before the dissolution, 10 stockholders owned 60 per cent of the stock.

6. Almost without exception the employees of the large corporations are unorganized, as a result of the active and aggressive "nonunion" policy of the corporation managements.

Furthermore, the labor policy of the large corporations almost inevitably determines the labor policy of the entire industry.

7. A careful and conservative study shows that the corporations controlled by six financial groups and affiliated interests employ 2,651,684 wage earners and have a total capitalization of \$19,875,200,000. These six financial groups control 28 per cent of the total number of wage earners engaged in the industries covered by the report of our investigation. The Morgan-First National Bank group alone controls corporations employing 785,499 wage earners. That this control is effective is shown by the following telegram from J. P. Morgan to E. H. Gary:

AIX LES BAINS.

E. H. GARY, *New York*:

Have received your cable of yesterday. My own views are in accordance with those of the financial committee in New York. Certainly until question of wages has been settled by the coal and railroads, which still in abeyance, but settlement seems imminent. Whole question wages should be settled simultaneously by all interests if possible. Going Paris Wednesday. Will see there

H. C. F., P. A. B. W.,¹ and will cable you result of interview. If possible and meets your approval, think better wait until after interview. Perfectly delightful here. Weather superb.

J. P. M.²

8. The lives of millions of wage earners are therefore subject to the dictation of a relatively small number of men.

9. These industrial dictators for the most part are totally ignorant of every aspect of the industries which they control except the finances, and are totally unconcerned with regard to the working and living conditions of the employees in those industries. Even if they were deeply concerned, the position of the employees would be merely that of the subjects of benevolent industrial despots.

10. Except, perhaps, for improvements in safety and sanitation, the labor conditions of these corporation-controlled industries are subject to grave criticism and are a menace to the welfare of the Nation.

11. In order to prevent the organization of employees for the improvement of working conditions, elaborate systems of espionage are maintained by the large corporations which refuse to deal with labor unions, and employees suspected of union affiliation are discharged.

12. The domination by the men in whose hands the final control of a large part of American industry rests is not limited to their employees, but is being rapidly extended to control the education and "social service" of the Nation.

13. This control is being extended largely through the creation of enormous privately managed funds for indefinite purposes, hereinafter designated "foundations," by the endowment of colleges and universities, by the creation of funds for the pensioning of teachers, by contributions to private charities, as well as through controlling or influencing the public press.

14. Two groups of the "foundations," namely, the Rockefeller and Carnegie foundations, together have funds amounting to at least \$250,000,000, yielding an annual revenue of at least \$13,500,000, which is at least twice as great as the appropriations of the Federal Government for similar purposes, namely, education and social service.

15. The funds of these foundations are exempt from taxation, yet during the lives of the founders are subject to their dictation for any purpose other than commercial profit. In the case of the Rockefeller group of foundations, the absolute control of the funds and of the activities of the institutions now and in perpetuity rests with Mr. Rockefeller, his son, and whomsoever they may appoint as their successors.

16. The control of these funds has been widely published as being in the hands of eminent educators and public-spirited citizens. In the case of the Rockefeller foundations, however, not only is the control in the hands of Mr. John D. Rockefeller, jr., and two of the members of the personal staff of Mr. John D. Rockefeller, sr., who constitute the finance committee, but the majority of the trustees of the funds are salaried employees of Mr. Rockefeller or the founda-

¹ H. C. Frick and P. A. B. Widener.

² Read at meeting of finance committee, United States Steel Corporation, April 27, 1900.

tions, who are subject to personal dictation and may be removed at any moment.

17. The funds of these foundations are largely invested in securities of corporations dominant in American industry, whose position has been analyzed under the early headings of this section. The policies of these foundations must inevitably be colored, if not controlled, to conform to the policies of such corporations.

18. The funds of the foundations represent largely the results either of the exploitation of American workers through the payment of low wages or of the exploitation of the American public through the exaction of high prices. The funds, therefore, by every right belong to the American people.

19. The powers of these foundations are practically unlimited, except that they may not directly engage in business for profit. In the words of President Schurman, of Cornell, himself a trustee of the Carnegie foundation.

Under the terms of this broad charter there is scarcely anything which concerns the life and work of individuals or nations in which the Rockefeller foundation would not be authorized to participate. As the safety of the State is the supreme condition of national civilization the foundation might in time of war use its income or its entire principal for the defense of the Republic. In time of peace it might use its funds to effect economic and political reforms which the trustees deem essential to the vitality and efficiency of the Republic. The foundation might become the champion of free trade or protection, of trusts, or of the competing concerns out of which they grow, of socialism or individualism, of the program of the Republican Party or the program of the Democratic Party. It might endow the clergy of all religious denominations, or it might subsidize any existing or any new religious denomination. To-morrow it might be the champion of the Christian religion, and a hundred years hence furnish an endowment for the introduction of Buddhism into the United States. It might build tenement houses for the poor in New York City, or carry the results of science to enrich the exhausted soils of the East or the arid tracts of the West. It might set up an art gallery in every State of the United States or endow universities which would rival the great State universities of the West. With the consent of the legislature it might relieve any State of the care of its insane, pauper, and dependent classes or construct roads for the benefit of farmers and motorists. These may not be likely objects for the application of the funds of the Rockefeller foundation. I am not, however, attempting to forecast its work but to understand its charter.

And, so far as I can see, the proposed charter would authorize all these and a multitude of similar activities. If the object of the Rockefeller Foundation is to be coextensive with human civilization, then it may do anything and everything which its trustees think likely to effect reform or improvement in the material, economic, intellectual, artistic, religious, moral, and political conditions of the American people or of mankind.

20. The charters of these foundations, with their almost unlimited powers, were granted under conditions of such laxity that it has been testified by an eminent legal authority who made an extensive investigation that those granted by New York State are legally defective

and unconstitutional. Furthermore, evidence developed by the hearings of the commission showed that in increasing the number of its trustees without complying with the requirements of the law governing corporations the Rockefeller Foundation has already been guilty of a breach of the law.

21. These foundations are subject to no public control, and their powers can be curbed only by the difficult process of amending or revoking their charters. Past experience, as, for example, in the case of the insurance companies, indicates that the public can be aroused only when the abuses have become so great as to constitute a scandal.

22. The entrance of the foundations into the field of industrial relations, through the creation of a special division by the Rockefeller Foundation, constitutes a menace to the national welfare to which the attention not only of Congress but of the entire country should be directed. Backed by the \$100,000,000 of the Rockefeller Foundation, this movement has the power to influence the entire country in the determination of its most vital policy.

23. The documentary evidence in the possession of the commission indicates:

(a) That the so-called "investigation of industrial relations" has not, as is claimed, either a scientific or a social basis, but originated to promote the industrial interests of Mr. Rockefeller. The original letter inviting Mr. W. L. Mackenzie King to associate himself with the Rockefellers stated that Mr. Rockefeller and Mr. Greene in "their purely corporate capacity as owners and directors of large industries" desired his aid.

(b) That the investigation forms part of what Mr. Rockefeller, in a letter to Mr. Ivy L. Lee (the press agent of the Colorado operators), called the "union educational campaign," which is referred to by Mr. Bowers as "the fight for the open shop," the results of which are clearly manifested in the conditions existing in the camps of the Colorado Fuel & Iron Co., conducted on the "open-shop" principle.

(c) That Mr. Rockefeller planned to utilize in this campaign literature containing statements which were known to him at the time to be untrue and misleading (as, for example, the numerous misstatements in the "Sermon to young men" of Dr. Newall Dwight Hillis, including the statement that the Colorado operators offered to recognize the miners' union), and also literature containing statements which constituted a malicious libel upon a large body of American citizens—for example, the following statement of Prof. John J. Stevenson:

Labor unions defy the law, but are ever ready to demand its protection; their principles are no better than those of the India thugs, who practiced robbery and murder in the name of the goddess Cal.

(d) That the investigation of industrial relations is not being made in good faith, inasmuch as its director states that he will not now nor hereafter make public his findings regarding a most important part of his investigation, namely, the investigation in Colorado.

24. The purpose of Mr. Rockefeller to influence the public press is clearly shown by the employment of an experienced publicity expert as a member of his personal staff, and is indicated by his evident interest in the ownership or control of a number of publications, of which we have records dating from the inquiry of his

secretary regarding the Pueblo Star Journal in May, 1913, to the extensive conferences regarding a loan of \$125,000 to finance the Nation's Business, the organ of the National Chamber of Commerce, which was established and given a semiofficial status through the instrumentalities of the Secretary of Commerce and Labor, with the sanction of a former President of the United States.

25. The extent of the possible influence of these foundations and private endowments of institutions for education and public service is shown by a large amount of evidence in the possession of the commission. The following examples may be cited:

(a) The adoption of a definite line of policy by the Bureau of Municipal Research of New York to meet the conditions imposed by Mr. Rockefeller in connection with proposed contributions.

(b) The abandonment by several colleges and universities of sectarian affiliations and charter clauses relating to religion in order to secure endowments from the Carnegie Corporation and pensions for professors from the Carnegie Foundation for the Advancement of Teaching. It would seem conclusive that if an institution will willingly abandon its religious affiliations through the influence of these foundations, it will even more easily conform to their will any other part of its organization or teaching.

26. Apart from these foundations there is developing a degree of control over the teachings of professors in our colleges and universities which constitutes a most serious menace. In June of this year two professors, known throughout their professions as men of great talent and high character, were dropped from the positions they had occupied and no valid reason for such action was made public. Both were witnesses before the commission, and made statements based upon their own expert knowledge and experience which were given wide publicity. One was a professor of law in a State university, who had acted as counsel for the strikers in Colorado; the other a professor of economics, who had not only been active in fights in behalf of child-labor legislation and other progressive measures, but had recently published a work comparing the income paid for property ownership with the income paid for all classes of service.

In the case of the State university we know that the coal operators in conjunction with other business interests had gained the ascendancy and exercised a great degree of control over the former governor of the State, that the coal operators were bitterly opposed to the professor in question, and that the dismissal of the professor had been publicly urged by the operators upon numerous occasions, and we have the uncontroverted statement of the professor that he had been warned that if he testified before the commission he would not be reappointed. In the case of the professor in the other university (which, though privately endowed, receives large appropriations from the State) we know that its trustees are interested in corporations which have bitterly opposed progressive legislation, and are men whose incomes are derived from property ownership and not from service.

In the face of such an enormous problem one can only frankly confess inability to suggest measures which will protect the Nation from the grave dangers described. It is believed, however, that if Congress will enact the measures already recommended, providing for a heavy tax on large inheritances with a rigid limitation on the

total amount of the bequest, for the reclamation by the Federal Government of all parts of the public domain (including mineral rights) which have been secured by fraud, and for a tax on non-productive land and natural resources, a great step in the right direction will have been taken.

As regards the "foundations" created for unlimited general purposes and endowed with enormous resources, their ultimate possibilities are so grave a menace, not only as regards their own activities and influence but also the benumbing effect¹ which they have on private citizens and public bodies, that if they could be clearly differentiated from other forms of voluntary altruistic effort it would be desirable to recommend their abolition. It is not possible, however, at this time to devise any clear-cut definition upon which they can be differentiated.

As the basis for effective action, it is suggested that the commission recommend:

1. The enactment by Congress of a statute providing that all incorporated nonprofit-making bodies whose present charters empower them to perform more than a single specific function and whose funds exceed \$1,000,000 shall be required to secure a Federal charter.

The Federal charter should contain the following provisions:

- (a) Definite limitation of the funds to be held by any organization, at least not to exceed the largest amount held by any at the time of the passage of the act.

- (b) Definite and exact specifications of the powers and functions which the organization is empowered to exercise, with provision for heavy penalties if its corporate powers are exceeded.

- (c) Specific provision against the accumulation of funds by the compounding of unexpended income and against the expenditure in any one year of more than 10 per cent of the principal.

- (d) Rigid inspection of the finances as regards both investment and expenditure of funds.

- (e) Complete publicity through open reports to the proper Government officials.

- (f) Provision that no line of work which is not specifically and directly mentioned in the articles of incorporation shall be entered upon without the unanimous consent and approval of the board of trustees, nor unless Congress is directly informed of such intention through communication to the Clerk of the House and the Clerk of the Senate, which shall be duly published in the Congressional Record, nor until six months after such intention has been declared.

2. Provision by Congress for the thorough investigation, by a special committee or commission, of all endowed institutions, both secular and religious, whose property holdings or income exceeds a moderate amount. The committee or commission should be given full power to compel the production of books and papers and the attendance and testimony of witnesses. It should be authorized and directed to investigate not only the finances of such institutions but all their activities and affiliations.

¹ A striking illustration of the benumbing effect of such foundations was revealed by the almost complete cessation of private activity for the relief of the Belgians as soon as the Rockefeller Foundation issued to the press a statement of its intention to undertake such relief.

3. As the only effective means of counteracting the influence of the foundations, as long as they are permitted to exist, consists in the activities of governmental agencies along similar lines, the appropriations of the Federal Government for education and social service should be correspondingly increased.

VI. THE LAND QUESTION AND THE CONDITION OF AGRICULTURAL LABOR.

It was obviously impossible for the commission to attempt a detailed investigation of agricultural condition, but because of the very immediate bearing of the land question on industrial unrest, it was felt necessary to make as thorough investigation as possible of the phases which seemed to have the most direct bearing on our general problem. The phases selected for discussion were, first, the concentration of land ownership as shown by existing statistics; second, the problem of seasonal and casual agricultural labor; third, the increase and change in the character of farm tenancy; and, fourth, the introduction of industrial methods into agriculture through the development of corporations operating large tracts of land. The findings and recommendations with reference to the concentration of ownership and the problems of seasonal labor are set forth elsewhere. At this point it is desired to present the results of the investigations of tenancy and agricultural corporations.

The investigation of these problems was confined practically to the Southwest, because it is in this region that the systems have become most fully developed and their results in the form of the acute unrest of a militant tenant movement are most easily studied. The investigations in this region, however, were very thorough, consisting of detailed studies and reports by field investigators, which were later confirmed by a public hearing.

As a result of these investigations the following conclusions are fully justified:

1. Tenancy in the Southwestern States is already the prevailing method of cultivation and is increasing at a very rapid rate. In 1880 Texas had 65,468 tenant families, comprising 37.6 per cent of all farms in the State. In 1910 tenant farmers had increased to 219,571 and operated 53 per cent of all farms in the State. Reckoning on the same ratio of increase that was maintained between 1900 and 1910, there should be in Texas in the present year (1915) at least 236,000 tenant farmers. A more intensive study of the field, however, shows that in the 82 counties of the State where tenancy is highest the average percentage of tenants will approximate 60.

For Oklahoma we have not adequate census figures so far back, but at the present time the percentage of farm tenancy in the State is 54.8, and for the 47 counties where the tenancy is highest the percentage of tenancy is 68.13.

2. Tenancy, while inferior in every way to farm ownership from a social standpoint, is not necessarily an evil if conducted under a system which protects the tenants and assures cultivation of the soil under proper and economical methods, but where tenancy exists under such conditions as are prevalent in the Southwest, its increase can be regarded only as a menace to the Nation.

3. The prevailing system of tenancy in the Southwest is share tenancy, under which the tenant furnishes his own seed, tools, and

teams and pays the landlord one-third of the grain and one-fourth of the cotton. There is, however, a constant tendency to increase the landlord's share through the payment either of cash bonuses or of a higher percentage of the product. Under this system tenants as a class earn only a bare living through the work of themselves and their entire families. Few of the tenants ever succeed in laying by a surplus. On the contrary, their experiences are so discouraging that they seldom remain on the same farm for more than a year, and they move from one farm to the next, in the constant hope of being able to better their condition. Without the labor of the entire family the tenant farmer is helpless. As a result, not only is his wife prematurely broken down, but the children remain uneducated and without the hope of any condition better than that of their parents. The tenants having no interest in the results beyond the crops of a single year, the soil is being rapidly exhausted and the conditions, therefore, tend to become steadily worse. Even at present a very large proportion of the tenants' families are insufficiently clothed, badly housed, and underfed. Practically all of the white tenants are native born. As a result of these conditions, however, they are deteriorating rapidly, each generation being less efficient and more hopeless than the one proceeding.

4. A very large proportion of the tenants are hopelessly in debt and are charged exorbitant rates of interest. Over 95 per cent of the tenants borrow from some source, and about 75 per cent borrow regularly year after year. The average interest rate on all farm loans is 10 per cent, while small tenants in Texas pay 15 per cent or more. In Oklahoma the conditions are even worse, in spite of the enactment of laws against usury. Furthermore, over 80 per cent of the tenants are regularly in debt to the stores from which they secure their supplies, and pay exorbitantly for this credit. The average rate of interest on store credit is conservatively put at 20 per cent and in many cases ranges as high as 60 per cent.

5. The leases are largely in the form of oral contracts which run for only one year and which make no provision for compensation to the tenant for any improvements which may be made upon the property. As a result, tenants are restrained from making improvements, and in many cases do not properly provide for the upkeep of the property.

6. Furthermore, the tenants are in some instances the victims of oppression on the part of landlords. This oppression takes the form of dictation of character and amount of crops, eviction without due notice, and discrimination because of personal and political convictions. The existing law provides no recourse against such abuses.

7. As a result both of the evils inherent in the tenant system and of the occasional oppression by landlords, a state of acute unrest is developing among the tenants and there are clear indications of the beginning of organized resistance which may result in civil disturbances of a serious character.

8. The situation is being accentuated by the increasing tendency of the landlords to move to the towns and cities, relieving themselves not only from all productive labor, but from direct responsibility for the conditions which develop. Furthermore, as a result of the increasing expenses incident to urban life there is a marked tendency

to demand from the tenant a greater share of the products of his labor.

9. The responsibility for the existing conditions rests not upon the landlords, but upon the system itself. The principal causes are to be found in the system of short leases, the system of private credit at exorbitant rates, the lack of a proper system of marketing, the absence of educational facilities, and last but not least the prevalence of land speculation.

10. A new factor is being introduced into the agricultural situation through the development of huge estates owned by corporations and operated by salaried managers upon a purely industrial system. The labor conditions on such estates are subject to grave criticism. The wages are extremely low, 80 cents per day being the prevailing rate on one large estate which was thoroughly investigated; arbitrary deductions from wages are made for various purposes; and a considerable part of the wages themselves are paid in the form of coupons, which are in all essential particulars the same as the "scrip" which has been the source of such great abuse. Furthermore, the communities existing on these large estates are subject to the complete control of the land-owning corporation, which may regulate the lives of citizens to almost any extent. There is an apparent tendency toward the increase of these large estates, and the greatest abuses may be expected if they are allowed to develop unchecked.

11. Prompt and effective action on the part of the States and Nation is necessary if any alleviation of the conditions which have been described is to be achieved.

It is suggested that the commission recommend:

1. The development through legislation of longer time farm leases that will make for fair rents, security of tenure, and protection of the interests of the tenant in the matter of such improvements as he may make on a leasehold in his possession. Such legislation should look forward to leasing systems that will increase tillage, improve the yielding powers of the soil and maintain a greater population.

In order to secure this desired end it is suggested that the commission further recommend the creation of:

2. National and State land commissions with powers—

(a) To act as land courts with powers to hear evidence given by landlord and tenants as to questions that have to do with fair rents, fixity of tenure and improvements made by tenants on landlords' property; to gather evidence, independently of both parties, that will the better enable such land courts to arrive at the true facts in each case; and to render judgment that will be mandatory for such time as the contractual relationship may be determined to hold.

(b) To operate farm bureaus for the following purposes:

First. To act as an agent between landlords and tenants in the distribution of tenant labor.

Second. To act as an agent between landlords and tenants in the preparation of equitable contracts.

Third. To act as an information agency to assist home-seeking farmers.

Fourth. To assist in the distribution of seasonal labor.

3. The development of better credit facilities through the assistance of the Government and cooperative organization of farmers and tenants. No single measure can be recommended; the results must be achieved through the development of a sound rural-credit system, the development of land banks, mortgage associations and credit unions. Foreign experience shows that through these means the rate of interest can be greatly reduced and the security of both the borrower and the lender can be increased.

4. The general introduction of modernized rural schools and compulsory education of children. The functions of the school system should extend beyond education to the social service of the entire rural community, assisting in the organization of farmers and tenants for cooperative purposes, and promoting other measures looking to the community's welfare.

5. The revision of the taxation system so as to exempt from taxation all improvements and tax unused land at its full rental value.

VII. JUDICIAL SETTLEMENT OF LABOR CLAIMS AND COMPLAINTS.

The investigations of the commission are the basis for the following statements:

1. Among workers of every class there are constantly arising various questions for judicial settlement which under present conditions can not be speedily or satisfactorily adjusted.

2. These claims are of a very diverse character and include not only cases of actual injustice through the retention of wages, but questions of interpretation of contract and the establishment of justice in cases in which contracts are lacking.

3. The ordinary courts are unfitted to decide such questions, not only because of the method of procedure but because of the unfamiliarity of ordinary magistrates and judges with the conditions involved in such claims.

It is suggested that the commission recommend:

1. The establishment either by the States or by municipalities of industrial courts similar to those which have proved to be successful in European countries. The organization and method of procedure of such courts are described in detail in Bulletin No. 98 of the United States Bureau of Labor and need not be discussed here.

2. The Commissioners of Labor or the industrial commissions of the several States should be authorized and directed, where such powers do not now exist, to receive the legal complaints of all classes of workmen, and, where they are found to have a proper basis, to prosecute such claims vigorously, with a view to securing either a voluntary settlement or the award of adequate recompense by the proper tribunal. The commissioners of labor or the industrial commissions should be given adequate legal assistance to enable them to prosecute such claims promptly and vigorously. Proper steps should be taken to provide for cooperation with the Federal Immigration Bureau, if the recommendation on page 51 is adopted.

3. The States and municipalities should consider the desirability of creating an office similar to that of the public defender in Los Angeles to act in civil claims of small size.

VIII. THE LAW RELATING TO TRADE-UNIONS AND INDUSTRIAL DISPUTES.

The commission has conducted through its agents extensive investigations and has held hearings at which the persons who have devoted great study to the question of trade-union law testified at length. The investigations were directed both to establishing the present status of the law governing trade-unions and industrial disputes and to ascertaining the practical effects of certain classes of laws and court decisions. The results of the investigations are largely embodied in the reports of Mr. J. Wallace Bryan, of the Maryland bar, and Mr. Edwin E. Witte.

Because of the necessity for exactness in dealing with questions which are so involved and which have to so large an extent been clouded by contradictory court decisions, it is impossible to present a satisfactory summary of the conclusions which have been reached upon this subject. It may, however, be said that in substance the situation revealed by these investigations is as follows:

1. The greatest uncertainty exists regarding the legal status of almost every act which may be done in connection with an industrial dispute. In fact, it may be said that it depends almost entirely upon the personal opinion and social ideas of the court in whose jurisdiction the acts may occur.

2. The general effect of the decisions of American courts, however, has been to restrict the activities of labor organizations and deprive them of their most effective weapons, namely, the boycott and the power of picketing, while, on the other hand, the weapons of employers, namely, the power of arbitrary discharge, of blacklisting, and of bringing in strike breakers, have been maintained, and legislative attempts to restrict the employers' powers have generally been declared unconstitutional by the courts. Furthermore, an additional weapon has been placed in the hands of the employers by many courts in the form of sweeping injunctions, which render punishable acts which would otherwise be legal, and also result in effect in depriving the workers of the right to jury trial.

3. Important steps have been taken to deal with this situation by the enactment of the Clayton Act, applying to the Federal jurisdiction, and by the passage of laws in Massachusetts and New York which define the rights of parties engaged in industrial disputes. The actual effect of the Clayton Act can not be ascertained until it has been tested in the courts, but eminent legal authorities have expressed grave doubts that it will accomplish the desired results. At any rate, it does not seem to remove the root of the existing injustice, and, furthermore, in all the States except New York and Massachusetts the grave and uncertain situation already described exists. This situation must be corrected.

4. There are, apparently, only two lines of action possible: First, to restrict the rights and powers of the employers to correspond in substance to the powers and rights now allowed to trade-unions, and second, to remove all restrictions which now prevent the freedom of action of both parties to industrial disputes, retaining only the ordinary civil and criminal restraints for the preservation of life, property, and the public peace. The first method has been tried repeatedly and has failed absolutely, not only because of the interven-

tion of the courts but because the very nature of the acts complained of on the part of employers (blacklisting and arbitrary discharge) makes it impossible to prevent them effectively by any form of legislation or administration. The only method, therefore, seems to be the removal of all restrictions upon both parties, thus legalizing the strike, the lockout, the boycott, the blacklist, the bringing in of strike breakers, and peaceful picketing. This has been most successfully accomplished by the British trades disputes act, which is the result of 50 years of legal evolution, and in its present form seems to work as successfully as could possibly be expected.

It is suggested, therefore, that the commission recommend:

1. The enactment by Congress and the States of legislation embodying the principles contained in the British trades disputes act, the text of which is as follows:

An agreement or combination of two or more persons to do or procure to be done any act in contemplation or furtherance of a trade dispute between employers and workmen shall not be indictable as a conspiracy if such an act committed by one person would not be punishable as a crime. An act done in pursuance of an agreement or combination by two or more persons shall, if done in contemplation or furtherance of a trade dispute, not be actionable unless the act, if done without any such agreement or combination, would be actionable.

An action against a trade-union, whether of workmen or masters, or against any members or officials thereof on behalf of themselves and all other members of the trade-union in respect of any tortious act alleged to have been committed by or on behalf of the trade-union, shall not be entertained by any court.

An act done by a person in contemplation or furtherance of a trade dispute shall not be actionable on the ground only that it induces some other person to break a contract of employment or that it is an interference with the trade, business, or employment of some other person, or with the right of some other person to dispose of his capital or his labor as he wills.

It shall be lawful for one or more persons, acting either on their own behalf or on behalf of a trade-union, or of an individual employer or firm in contemplation or furtherance of a trade dispute to attend at or near a house or place where a person resides or works or carries on business or happens to be, if they so attend merely for the purpose of peacefully obtaining or communicating information, or of peacefully persuading any person to work or abstain from working.

Every person who, with a view to compel any other person to abstain from doing or to do any act which such other person has a legal right to do or abstain from doing, wrongfully and without legal authority—

1. Uses violence to or intimidates such other person or his wife or children, or injures his property; or
2. Persistently follows such other person about from place to place; or
3. Hides any tools, clothes, or other property owned or used by the other person, or deprives him of or hinders him in the use thereof; or

4. Watches or besets the house or other place where such other person resides or works or carries on business or happens to be, or the approach to such a house or place; or

5. Follows such other person with two or more other persons in a disorderly manner in or through any street or road, shall on conviction thereof by a court of summary jurisdiction, or an indictment as hereinafter mentioned, be liable either to pay a penalty not exceeding £20, or to be imprisoned for a term not exceeding three months, with or without hard labor.

IX. THE POLICING OF INDUSTRY.

The commission has made extensive investigations and has heard many witnesses upon this subject, and as a result the following conclusions are justified:

1. The problem of policing industry is generally conceived to lie in the suppression of violence and the protection of life and property; but in reality consists in the more fundamental problem of protecting the rights of employers and employees as well as preserving the peace.

THE ORIGIN OF INDUSTRIAL VIOLENCE.

2. Violence is seldom, if ever, spontaneous, but arises from a conviction that fundamental rights are denied and that peaceful methods of adjustment can not be used. The sole exception seems to lie in the situation where, intoxicated with power, the stronger party to the dispute relies upon force to suppress the weaker.

3. The arbitrary suppression of violence by force produces only resentment, which will rekindle into greater violence when opportunity offers. Violence can be prevented only by removing the causes of violence; industrial peace can rest only upon industrial justice.

4. The origin of violence in connection with industrial disputes can usually be traced to the conditions prevailing in the particular industry in times of peace or to arbitrary action on the part of governmental officials which infringes on what are conceived to be fundamental rights. Violence and disorder during actual outbreaks usually result from oppressive conditions that have obtained in a particular shop or factory or in a particular industry. Throughout history where a people or a group have been arbitrarily denied rights which they conceived to be theirs, reaction has been inevitable. Violence is a natural form of protest against injustice.

5. Violence in industrial disputes is not immediately the product of industrial conditions, but of the attitude of the parties to the dispute after grievances or demands have been presented. The principal sources of an attitude leading to violence are:

(a) Arrogance on the part of the stronger party. This may result immediately in violence through the use of force for the suppression of the weaker party. The force used may be physical or industrial. Physical force may be and is used by both employers and employees, through intimidation, assaults, or attacks on property. Such physical aggression is seldom used by employees, as they are strategically the weaker party and the results are negative; only

under exceptional circumstances can an employer be coerced by the use of force or intimidation. The exceptions seem to lie in the use of secret means, such as dynamite, with the object of weakening the employer's resistance.

The use of force by workers is normally directed not against the person or property of the employer, but against strike breakers and guards. Many instances of the use of physical force by the agents of employers have, however, come before the commission, indicating a relatively wide use, particularly in isolated communities. Such acts of violence usually take the form of assaults upon the leaders of the workers or upon organizers.

The instruments of industrial force belong chiefly to the employer, because of his control of the job of the worker. Their use is more common and more effective than any other form of violence at the command of the employer. The most powerful weapon is the power of discharge, which may be used indiscriminately upon mere suspicion, which under certain conditions may be almost as potent, either in use or threat, as the power of life and death. It is the avowed policy of many employers to discharge any man who gives any sign of dissatisfaction on the theory that he may become a trouble maker or agitator.

The only corresponding weapon in the hands of the workers is sabotage, in the form either of malicious destruction of property or of interference with production. The field of its use is much more restricted in practice than in theory, and its results at best are negative and produce in the employer only a blind resentment and indiscriminating hate. Sabotage as a policy shows no signs of developing in American industry.

(b) Equally productive of an attitude leading to violence is the denial of the use of peaceful methods of adjusting grievances, or the creation of a situation in which their use becomes impossible.

On the part of the employer the arbitrary acts which may be classed under this general head are: Denial of the right to organize; refusal to consider the complaints of workers; refusal to meet the authorized representatives of workers.

Under modern industrial conditions any one of these acts makes peaceful negotiation and settlement impossible. Without organization of the workers their collective claims can not be considered; without the right to appoint such representatives as they choose, workers are at the mercy of the employer's power of discharge, and are usually unequal to the task of presenting and arguing their claims; while the refusal to consider grievances leaves only the alternative of the strike.

On the part of the workers, the possibility of peaceful settlement may be destroyed by refusal to discuss claims, by internal dissensions which render collective and definite action looking to a settlement impossible, and by the issuance of ultimatums which allow no time for consideration and negotiation. In any one of these situations the employer has only the choice between tame submission or absolute resistance to the demands of the workers.

(c) The immediate cause of violence in connection with industrial disputes is almost without exception the attempt to introduce strike breakers to take the place of the workers who have struck or who are

locked out. The entire problem of policing industrial disputes grows out of the problem of the strike breaker and the attitude of the State toward him.

All experience shows that if no attempt is made to operate the plant, violence and disturbances requiring the police are practically unknown, whereas the attempt of strike breakers to reach the plant, particularly where strikers are enjoined or prevented from using reasonable means to inform them of the existence of the strike and to use persuasive methods to keep them from entering the plant, is invariably accompanied by disorder and sometimes by active violence.

The existing attitude of the courts and of governmental officials generally is that the entire machinery of the State should be put behind the strike breaker. This attitude is based upon the theory that two important rights are involved—first, “the right of the strike breaker to work,” and, second, “the right of the employer to do business.” During earlier years, the right of the strike breaker was stressed by the courts, but since the decision of Vice Chancellor Stevenson in 1902 (*Jersey City Ptg. Co. v. Cassidy*, 53 Atl., 230), in which the doctrine was announced as “recently recognized,” the right of the employer to do business has been in favor apparently because of its wider application and the fact that being denominated a property right, injunctions could regularly be issued for its protection. Regardless, however, of their origin, both of these so-called rights seem to have been based upon misconceptions by the courts. The “right to work” guaranteed to the strike breaker seems to be based upon the conception that the strike breaker is normally a workingman, who seeks work and desires to take the place of the striker. The fact is, practically without exception, either that the strike breaker is not a genuine workingman but is a professional who merely fills the place of the worker and is unable or unwilling to do steady work, or, if he is a bona fide workingman, that he is ignorant of conditions or compelled to work under duress. The nonworking character of the strike breaker is shown by the fact that very few are ever retained as workers after the termination of a strike, while the attitude of genuine workingmen toward strike breaking is shown by the significant fact that in the bids of employment agencies and detective agencies to furnish strike breakers it is provided that guards will be furnished with each car “to prevent escape in transit,” and by the fact that when men are candidly informed in the public employment offices of the existence of a strike, workers practically never apply for such positions, even though they may be in dire want.

The second misconception is contained in the idea that the “right to do business” is an absolute right. Besides the fact that it has only been insisted upon by the courts within the past 20 years and has no express legislative or constitutional sanction whatever, this right is subject to the most severe limitation and infringement even without due process of law. Not only can the legislature limit the right to do business in almost every conceivable way, but health authorities are given power to suspend it entirely if the public safety demands, as in the case of either a human or an animal epidemic. Furthermore, the courts can not and will not guarantee in any way the “good will” which is supposed to be the property aspect of the right to

do business, nor will they assess damages on account of any alleged injury based upon the "probable expectancy" of the business.

The right to do business is in fact permitted only so far as its exercise is in the public interest, and it may be restricted or prohibited through the police power whenever it is dangerous or in any way deleterious to the public. This is the reason underlying not only quarantine but every form of regulation and prohibition.

The plea of the workers for the assumption of a new attitude in relation to strike breakers is, however, based not only upon the negative character of the rights of the employer and the strike breaker, but upon a positive though somewhat undefinable demand for recognition that strikers have a right to the jobs which they have left until their grievances are in some way adjusted. The argument is not only that when workers are willing to strike and sacrifice their livelihood, the conditions against which they protest must be assumed to be socially injurious, but, even more, that the worker who has struck in support of his demand for better conditions has not abandoned his job, but, in fact, has a keener interest in it than when quietly submitting to distasteful conditions.

At the very basis of the workers' contentions, however, lies the realization that working conditions can be improved only by strikes and that no strike can be won if the employer can operate his plant without difficulty. This is becoming increasingly true with every step in the Nation's industrial development. During more primitive periods, if workers struck their places could not be filled except through the existence of a surplus of qualified labor in the community or by enticing workers from other employers. Now, the development of transportation, the establishment of specialized agencies for supplying strikebreakers, and the growth of large corporations, which can shift employees from one plant to another, have given each employer a command of the labor market of the entire country. There are agencies in every large city which will contract to supply any kind of labor on short notice, while almost any of the large industrial corporations can either supply the normal demand with one-half or three-quarters of their plants, or recruit from the surplus labor around their various plants a skeleton organization which can resume operations in a short time.

The respective rights of employer, striker, and strikebreaker are matters which can not be solved by any method of cold reasoning, and should not be solved except by the force of public opinion acting either directly or through the medium of their representatives. In such matters we feel that our action can extend no further than the analysis of the issues, the presentation of the pertinent facts, and the expression of such general opinions as we may have reached.

We are convinced, however, that a modification of the legislative and judicial attitude on this question is necessary, and also that in the minds of the public a more general appreciation of the contentions of the workers is already taking place.

A general exception to this may perhaps exist in the case of public utilities, including not only the services which are commonly included, but the supply of milk, ice, and other similar necessities. The absolute dependence of the population of modern cities upon the noninterruption of such services has created a widespread public

demand for action which will insure them under all conditions. The public may good-humoredly walk during a street-car strike, but the interruption of the supply of food, fuel, and ice produces an attitude of public desperation. We confess that, under present conditions, no absolute insurance against its interruption by industrial disputes seems practicable. As long, certainly, as these services are performed by private corporations, the right of employees to strike should not and can not constitutionally be abrogated or abridged. Even under Government ownership and operation the problem is only slightly altered by the removal of the incentive of private profit for the maintenance of improper labor conditions, while cooperative operation is too vague even for analysis. At present proper action seems to consist in providing, first, for the most effective possible means for conciliation, investigation, and arbitration; second, for the use of all the leverage of public opinion to promote reasonableness on the part of those involved in the dispute; and, finally, for the plan as outlined elsewhere for defining clearly the rights of the parties to the dispute and the impartial but firm enforcement of such rights.

(d) The greatest disorders and most acute outbreaks of violence in connection with industrial disputes arise from the violation of what are considered to be fundamental rights, and from the perversion or subversion of governmental institutions.

This source of acute unrest has been discussed at length in a preceding section, so that at this point it is necessary only to summarize briefly its commonest manifestations, and to state that even the limited investigations which the commission has been able to make show that practically every industrial State has at some relatively recent time permitted its institutions to be used by one party or the other to an industrial dispute (almost without exception the employers) in such a way that the rights of the other party were either nullified or seriously transgressed.

It may be said that every governmental institution and function has been at some time utilized by the stronger industrial factor for the oppression and suppression of the weaker, but those which are most commonly utilized are, first, the police, including not only the municipal police, the sheriffs and deputies, the State police and constabulary, and the militia, but the private guards, detectives, and vigilante organizations, which usurp and exercise the functions of the police. The biased action of the State and municipal police seldom extends beyond the making of unwarranted arrests, the enforcement of unreasonable rules regarding such matters as picketing and public assemblage, and the use of excessive brutality. The State and municipal police are uniformly paid by the public and such control over their action as exists is generally indirect. In the case of the other bodies mentioned the control is frequently direct and their action frankly and bitterly partisan. The sheriffs in many counties deputize guards in the employment and pay of corporations, without any qualifications and sometimes even without knowing their names. Similarly the militia are at times recruited from the guards and other employees of corporations. The private guards, detectives, and vigilantes are openly partisan and can have no other purpose in connection with a strike than to break it with such means as they can command.

The police would, however, be much less effective if their control of a given locality did not usually imply also control of all or part of the local courts to give a legal sanction to lawlessness, to protect those who are criminally liable, and to exercise their full rigor in the prosecution of the strikers. Such controlled courts have not only found it possible through the use of blanket injunctions to make illegal acts which would otherwise be legal, but, resting upon their protection, the police, the deputies, the militia, and the private guards have in many cases felt free to go to unbelievable lengths in order to carry out their plans.

The subserviency of the courts in many parts of the country cannot be more clearly shown than by the fact that they have time and again permitted the militia, under color of so-called martial law, to usurp their functions and to defy their associations who resisted the encroachment. The situation is accentuated also by the fact that the decisions of such corrupt and subservient courts become the basis upon which later honest "record worshipping" judges form their own opinions.¹

When governmental institutions are thus corrupted and used as instruments of oppression men can only resist with such power as they have, not alone for the protection of themselves and their families but for the preservation of the fundamental rights of themselves and their fellow citizens. Resistance to the usurpers of governmental power and to those who pervert to base uses the official power with which they are clothed was made the keystone of the American Nation, and Abraham Lincoln, on a most solemn occasion, said:

If by the mere force of numbers a majority should deprive a minority of any legally written constitutional right, it might, in a moral point of view, justify revolution—certainly would if such a right were a vital one.²

The grave danger in the United States is that on account of the enormous area and the sense of isolation of each section as regards the others, the encroachment upon fundamental rights and the subversion of local governments will be permitted to gain ground without the effective protest of the entire Nation until the liberties of all citizens are hanging in the balance.

STATE CONSTABULARY.

6. The commission devoted a great deal of attention to the question of a State constabulary as a method of policing industry. Extensive investigations of the organization, personnel, and activities of the Pennsylvania State Constabulary were made and a number of witnesses were heard at length. The findings with regard to this particular police organization may be briefly stated: It is an extremely efficient force for crushing strikes, but it is not successful in preventing violence in connection with strikes, in maintaining the legal and civil rights of the parties to the dispute, nor in protecting the public. On the contrary, violence seems to increase rather than diminish when the constabulary is brought into an industrial dis-

¹ See report of B. F. Moore: Application of Writ of Habeas Corpus in Labor and Nonlabor Cases.

² Inaugural address, Mar. 4, 1861.

pute; the legal and civil rights of the workers have on numerous occasions been violated by the constabulary; and citizens not in any way connected with the dispute and innocent of any interference with the constabulary have been brutally treated, and in one case shot down by members of the constabulary, who have escaped punishment for their acts. Organized upon a strictly military basis, it appears to assume in taking the field in connection with a strike that the strikers are its enemies and the enemies of the State, and that a campaign should be waged against them as such.

There are certain features of the State police system, however, which seem to be preferable to the present haphazard methods of policing strikes. It is desirable, first, that all kinds of police should receive their entire compensation from the State; second, an organized force, whose records are known, is preferable both to the private police of corporations and to the deputies ordinarily sworn in by sheriffs; third, it is desirable that the force should be strictly disciplined and subject to definite orders; fourth, it is desirable that those in command of any police force should have a reasonable secure tenure of office and should have had previous experience under similar circumstances, as an inexperienced person is likely to become panic stricken by the mere presence of crowds, regardless of their actions.

If these desirable features could be combined with other features which would insure their impartiality during industrial disputes, and raise their ideals from the present militaristic basis to the police basis of preserving the peace and protecting the rights of both parties and the public, the establishment of State police systems for use in connection with industrial disputes might be recommended. But under present conditions, it seems desirable rather to leave the State policing of industrial disputes to the sheriffs and the militia if the restrictions hereinafter suggested are rigidly enforced so as to protect both the organization and the personnel from partisanship.

FREE SPEECH.

7. One of the greatest sources of social unrest and bitterness has been the attitude of the police toward public speaking. On numerous occasions in every part of the country the police of cities and towns have, either arbitrarily or under the cloak of a traffic ordinance, interfered with or prohibited public speaking, both in the open and in halls, by persons connected with organizations of which the police or those from whom they receive their orders did not approve. In many instances such interference has been carried out with a degree of brutality which would be incredible if it were not vouched for by reliable witnesses. Bloody riots frequently have accompanied such interference, and large numbers of persons have been arrested for acts of which they were innocent or which were committed under the extreme provocation of brutal treatment of police or private citizens.

In some cases this suppression of free speech seems to have been the result of sheer brutality and wanton mischief, but in the majority of cases it undoubtedly is the result of a belief by the police or their superiors that they were "supporting and defending the Govern-

ment" by such an invasion of personal rights. There could be no greater error. Such action strikes at the very foundation of government. It is axiomatic that a government which can be maintained only by the suppression of criticism should not be maintained. Furthermore, it is the lesson of history that attempts to suppress ideas result only in their more rapid propagation.

Not only should every barrier to the freedom of speech be removed, as long as it is kept within the bounds of decency and as long as the penalties for libel can be invoked, but every reasonable opportunity should be afforded for the expression of ideas and the public criticism of social institutions. The experience of Police Commissioner Woods, of New York City, as contained in his testimony before this commission, is convincing evidence of the good results which follow such a policy. Mr. Woods testified that when he became commissioner of police he found in force a policy of rigid suppression of radical street meetings, with the result that riots were frequent and bitter hatred of the police was widespread. He adopted a policy of not only permitting public meetings at all places where traffic and the public convenience would not be interfered with, but instructing the police to protect speakers from molestation; as a result, the rioting entirely ceased, the street meetings became more orderly, and the speakers were more restrained in their utterances.

It is suggested that the commission recommend as measures designed not only to remove the causes which lead to violence but to promote the impartial and effective action of police during disputes:

1. The enactment by Congress of a statute prohibiting, under severe penalties, the transportation of men from State to State, either under arms or for the purpose of arming them, as guards or as agents either of employers or of employees.

2. The enactment by Congress of a statute prohibiting the shipment in interstate commerce of cannon, gatling guns, and other guns of similar character, which are not capable of personal use, when consigned to anyone except military agencies of the State or Federal Governments.

3. The regulation or prohibition of private detective agencies and private employment agencies as hereinbefore suggested.

4. The strict enforcement in all public and private employment offices of the rules requiring full notice of the existence of a strike.

5. The complete assumption by the States and municipalities of the responsibility for policing, and the prohibition of the maintenance of any private police (except a limited number of watchmen without police power except on premises).

6. The definition by statute, by the States, of the conditions under which sheriffs may deputize, such regulations to include provisions that a deputy must be a bona fide resident of the State, that a sworn statement of the complete activities of each deputy covering a period of 10 years immediately preceding his deputization shall be filed with the secretary of state, that no person who shall have been convicted of any misdemeanor or who shall have been imprisoned in any State shall be deputized, and that no deputy shall receive any money or any other thing of value from any person connected with an industrial dispute during his period of service or in connection therewith.

7. The enactment of statutes, by the States, providing a uniform code governing the militia and embodying the following principles:

(a) A proclamation of martial law or a state of war, insurrection, or rebellion, by the governor of a State, as the result of an industrial dispute, shall have no effect upon the continuance of constitutional guaranties of the State and Federal Constitutions, nor upon the law and statutes, nor upon the jurisdiction of the courts, nor upon other civil authorities.

(b) The writ of habeas corpus or other process of the courts can not be suspended, interfered with, nor disregarded by the military. It is part of the duty of the military to assist in enforcing the process and decrees of the civil courts.

(c) The ordinary courts shall have exclusive jurisdiction for the punishment of crime, and in all cases where the same act constitutes an indictable offense under both military and criminal law, court-martials shall have no jurisdiction nor authority to try officers or soldiers accused thereof, but the offender shall be turned over to the civil magistrate for trial.

(d) The military may not hold, detain, nor imprison persons arrested by them any longer than is necessary to hand them over to the civil authorities. No person arrested by the militia shall be detained after noon of the following day without being brought before a committing magistrate.

(e) The military may not forcibly enter nor search a private house in order to seize arms or other property concealed therein without a search warrant.

(f) The military shall have no authority to establish a censorship over the press nor to interfere with the publication of newspapers, pamphlets, handbills, or the exercise of the right of free speech, except under process of the courts.

(g) The military shall not limit, restrict, nor interfere with the freedom of movement of peaceable citizens or the rights of public meeting, assemblage, or parades in streets and public highways or elsewhere, except under due process of law.

(h) Every military officer under whose orders a civilian is arrested shall within 24 hours thereafter report in writing to the commanding officer the name of the prisoner, the offense with which he is charged, and what disposition has been made of him. Failing, he shall be liable to such punishment as a court-martial may direct.

(i) In times of industrial disputes no private guards, detectives, nor employees of either of the contending parties shall be enlisted or employed as members of the militia, and all persons found by the commanding officer to be in the employment of either party to a dispute or actuated by animosity or personal ill will toward either of the contending parties shall be forthwith released from active service.

(j) The governor may, in times of disturbance, by proclamation forbid the sale or transportation of firearms, ammunition, and intoxicating liquors, and may require all firearms and other weapons to be deposited with the military at certain places, receipts being given therefor. Proper search warrants may be issued to discover concealed weapons.

8. That the States and municipalities should provide by law for the fullest use of schools and other public buildings for public meetings and lectures and for other similar purposes.

X. THE CONDITIONS AND PROBLEMS OF MIGRATORY LABORERS.

It has been found as a result of the commission's investigations, which were made chiefly by Mr. P. A. Speck:

1. There are large numbers of American workers, in all probability several millions, who are not definitely attached either to any particular locality or to any line of industry. These migratory workers are continually moving from one part of the country to another as opportunity for employment is presented.

The great movements of these workers are seasonal in character, as, for example, the movement of harvest hands during the summer and autumn, the movement to the lumber and ice camps in the winter, and the movement to the construction camps in the spring and summer. In addition there are large, irregular movements of laborers which are produced by the depression in different trades and localities, and movements due to false rumors about opportunities and to the men's acquired habits of migration.

2. The number of these migratory workers seems to be increasing not only absolutely but relatively. There are no available figures to show this conclusively, but it is the general opinion of students of the subject and of the migratory workers themselves that a rapid increase in their number is taking place.

3. A considerable proportion of these migratory workers are, unquestionably, led to adopt this kind of a life by reason of personal characteristics or weaknesses, and these personal weaknesses are accentuated rather than diminished by the conditions under which they live and work. Nevertheless, even if the migratory workers were all men of the highest character and reliability, there would still be a demand from our industries for the movement of the population in almost as great numbers as at present, in order to supply seasonal demands and to take care of the fluctuations of business.

4. An increasingly large number of laborers go downward instead of upward. Young men, full of ambition and high hopes for the future, start their life as workers, but meeting failure after failure in establishing themselves in some trade or calling, their ambitions and hopes go to pieces, and they gradually sink into the ranks of migratory and casual workers. Continuing their existence in these ranks, they begin to lose self-respect and become "hoboes." Afterwards, acquiring certain negative habits, as those of drinking and begging, and losing all self-control, self-respect, and desire to work, they become "down-and-outs"—tramps, bums, vagabonds, gamblers, pick-pockets, yeggmen, and other petty criminals—in short, public parasites, the number of whom seems to be growing faster than the general population.

5. The movement of these migratory workers, at the present time, is practically unorganized and unregulated. Workmen in large numbers go long distances in the hope of finding employment on the basis of a mere rumor, and frequently find that there is either no work or work for only a few. At the same time the demand for labor in a given locality or industry remains unfilled, because the workers have failed to hear of the opportunity. In fact, a large part of the movement of migratory workers at present is determined not by the demands of industry for labor, but by the necessity to search for work.

To illustrate: A man finds himself out of work in a given locality because of the termination of the busy season, because of business depression, or because of his personal discharge; he is unable to secure employment in the locality, and he has no information regarding opportunity for work elsewhere. If he remains in the locality he is almost certain to be arrested as a vagrant. His only recourse is to start moving, and the direction of the movement is usually determined by chance.

6. The attempts to regulate the movements of migratory workers by local organizations have, without exception, proved failures. This must necessarily be true no matter how well planned or well managed such local organizations may be.

7. The problem can not be handled except on a national scale and by methods and machinery which are proportioned to the enormous size and complexity of the problem.

The basic industries of the country, including agriculture and railroad construction work, are absolutely dependent upon these migratory workers.

8. The conditions under which migratory workers live, both in the cities and at their places of employment, are such as to inevitably weaken their character and physique, to make them carriers of disease, and to create in them a habit of unsteadiness and migration.

The provisions for housing and feeding workers in the labor camps are subject to severe criticism, while the lodging houses in the large cities are even worse, especially from the viewpoint of morals. One season spent in a city lodging house is generally sufficient to weaken the physique and destroy the moral fiber of even the strongest man. Numerous instances of the spread of dangerous diseases by migratory workers also have been brought to the notice of the commission.

9. The available information indicates clearly that even the most perfect distribution of workers, in accordance with the opportunities afforded at present by American industries, will still leave enormous numbers unemployed during certain seasons of the year and during periods of industrial depression.

10. The congregation of large numbers of migratory workers in large cities during the winter should be avoided, if possible, not only because they are an unjust burden upon the cities but because of the degenerating effects of city life during long periods of idleness.

11. The movement of migratory and seasonal workers is caused chiefly by the seasonal demand of industries and by the men's search for work, and, to a degree, by their aimless desire to move about. The conditions of their transportation have become grave. Millions of men annually have to, and are allowed to, resort to such a method of movement as stealing rides on the railways. This method of transportation results in the demoralization and casualization of workers, in their congestion in industrial and railway centers, in waste of their time and energy, in frequent bodily injuries and numerous fatal accidents and homicides annually, while, at the same time, it serves but poorly the industrial demand for help.

12. When the workers return to the city, from labor camps, for instance, either to rest or to spend the time between seasons, they not only meet the unhealthy and demoralizing influence of cheap lodging

houses, saloons, houses of prostitution, and other similar establishments in the slums, but they fall easy prey to gamblers, small private bankers, and all sorts of parasites. As a result, what earnings they have left after deduction of their living expenses at work places rapidly disappear, no matter how large these earnings may be.

The principal recommendations for dealing with the problem of migratory workers are outlined under the head of unemployment. In this immediate connection, however, it seems desirable to suggest three necessary measures:

1. The Interstate Commerce Commission should be directed by Congress to investigate and report the most feasible plan of providing for the transportation of workers at the lowest reasonable rates and, at the same time, measures necessary to eliminate the stealing of rides on railways.

If special transportation rates for workers are provided, tickets may be issued only to those who secure employment through public employment exchanges.

2. The establishment by States, municipalities and, through the Department of Labor, the Federal Government, of sanitary workingmen's hotels in which the prices for accommodation shall be adjusted to the cost of operation. If such workingmen's hotels are established, the Post Office Department should establish branch postal savings banks in connection therewith.

3. The establishment by the municipal, State, and Federal Governments of colonies or farms for "down and outs," in order to rehabilitate them by means of proper food, regular habits of living, and regular work that will train them for lives of usefulness. Such colonies should provide for hospital treatment of cases which require it.

XI. UNEMPLOYMENT.

The extent and character of unemployment has been briefly presented in a previous section, but the discussion there dealt only with the larger aspects of the situation in general terms. It remains to present at this point, in summary fashion, the findings which have resulted from the extensive investigations which have been conducted for the commission, principally under the direction of Dr. William M. Leiserson, together with certain specific recommendations relating to the organization of the labor market and the regularization of employment.

EXTENT AND CHARACTER OF UNEMPLOYMENT.

1. Wage earners in the principal manufacturing and mining industries in the United States lose on the average from one-fifth to one-fourth of the working time during the normal year.

This is the conclusion indicated by an examination of practically all of the published material, and of the hearings of the commission, relating to loss of time, irregularity of employment, and unemployment.

2. Excluding the extremely seasonal industries, such as canning, harvesting, lumber cutting and logging, which operate normally only a part of the year, the amount of lost working time varies

greatly for workers in different industries and in different occupations and trades. Loss of time appears to be greatest in bituminous coal mining, iron and steel manufacturing, leather, woolen and worsted clothing, slaughtering and meat packing, and in other industries where the proportion of unskilled labor is large.

3. It has been found that the lowest-paid worker is subject to the greatest loss in working time, not simply because he is unskilled but also because he is poorly nourished and weakened by the effects of unfavorable conditions of living and, in many instances, by unbearably severe conditions of work.

The tendency in the evolution of modern industry toward the employment of a larger proportion of unskilled labor, as well as the fact that many industries have come into existence because of the availability of a supply of casual laborers and of woman and child workers who are willing to work for less than subsistence wages, points to a greater degree of irregularity of employment, unemployment, and loss of working time, than ever before.

4. The actual number or proportion of workers at any given time who are unable to work can not be estimated, because of the lack of adequate data in this country. Recent investigations by Federal authorities and the statements of competent authorities before the commission, however, prove beyond doubt that the number of unemployed persons even in normal times is appallingly great. The statistics of highly organized trades show that even in times of greatest industrial activity there is a considerable percentage, ranging from 7 to 15 per cent of all of the members of unions in different trades and industries, of workers who are unemployed during the year. In any year the unemployed who congregate in the large cities alone during the winter months number several hundred thousand, while in years of industrial depression the number of unemployed in the entire country is at least three million.

5. The loss in working time is of two principal classes: Lack of work and sickness. Lack of work, which may mean the inability of the worker to find employment as well as the absence of a demand for labor of any particular kind or even of all kinds, either in a locality or section or in the country as a whole, accounts for approximately two-thirds of the average worker's loss of time at work, according to the available data on this point; ill health, according to several intensive investigations of wage workers and their families and the examination of the sick records of nearly a million wage earners in this country, accounts for approximately one-fourth of the loss in working time. Strikes appear to be the cause of less than two per cent of the loss in working time, and accidents are the cause in about the same proportion.

6. In addition to the two basic causes of unemployment—unjust distribution of income and land monopolization—which were analyzed in detail in an earlier section of the report, the following causes demand attention:

(a) Evolutionary changes in industry and in social habits and movements which affect the character and the extent of the demand for labor as well as the character and the quantity of the supply of labor. These include changes in industrial structure and methods—such as the increase or decrease in the demand for labor in certain industries and localities, the introduction of machinery and new

processes, and the changes in the character of the demand for labor—and changes in the organization of industry. The character and quantity of the supply of labor have been affected by immigration and by the entrance into industry of women workers, both of which factors have caused an increase in the supply of cheap and unskilled labor. To some extent, however, the labor supply is fluid because of the ease with which considerable proportions of immigrants can withdraw from the labor market by returning to their homes in times of industrial inactivity.

(b) Variations in the demand for labor due to fluctuations and irregularities in industry. Industrial fluctuations may be classed as cyclical and seasonal. Cyclical fluctuations result from business depressions and at times double the amount of loss of time during a year, which is illustrated by the fact that the railroads employed 236,000 fewer men in 1908 than in 1907. Seasonal fluctuations may either be inappreciable, as in municipal utilities, or may displace nearly the entire labor force. The seasonal fluctuations in the canning industry in California, for example, involve nearly nine-tenths of all the workers; in logging camps, which depend upon the snow, operations are practically suspended in summer; while in the brick and tile industry only 36.5 per cent of the total number of employees are retained during the dull season. Irregularities in the conduct of industry and in the method of employing labor are evident in dock work, in the unskilled work in iron and steel, and in slaughtering and meat packing; in the competitive conditions in industries which force employers to cut labor cost down to the utmost and to close down in order to save operating expenses; in speculative practices which result in the piling up of orders and alternate periods of rush production and inactivity; in loss of time due to inefficient management within plants. In some cases it has been charged although without definite proof, that irregularity of employment is due to a deliberate policy of employers in order to lessen the chance of organized movement, as well as to keep the level of wages down in unskilled occupations by continually hiring new individuals.

(c) Conditions determining the worker's ability to grasp or retain the opportunity to be employed which industry offers. Among these conditions are ill health, old age, deficiencies in industrial training, lack of facilities by which the worker and the job can be brought together, factors causing immobility in the labor supply and its inability to adjust itself to changes in the character of the demand for labor, and those personal factors, such as dishonesty, laziness, intemperance, irregularity, shiftlessness and stupidity, which are commonly included under the term "deficiencies of character." By no means are all of these conditions under the control of the worker; in fact, the further investigation goes the greater appears the responsibility which society and the employer bear for the conditions that determine the worker's ability to retain whatever employment industry is able to offer regularly.

7. The effects of the loss in working time and the attendant irregularity of employment may be summed up in the term "the workers' economic insecurity." Specifically the effects, as shown by a study of the results of various investigations and by testimony before the commission, may be summarized as follows:

(a) Actual loss of earnings, which in turn results in the necessity for the supplementing of family income by the earnings of women and children, and by payments from boarders and lodgers whose presence is inimical to family life.

(b) The depression of the wage level, in some instances, and the preventing of higher wages.

(c) Waste in expenditure, due to irregularity of family income.

(d) Deleterious effects upon the worker, such as demoralization, worry, loss of skill, irregularity of habits, etc.

(e) The gradual loss of economic status by workers who are thrown out of employment and the inevitable drift of a large proportion into the class ordinarily known as "casual laborers," the constant recruiting of the large army of dependents and delinquents who compose the unemployables, and the general loss of national efficiency that so great a number of incapable citizens must entail.

(f) The existence of a supply of casual laborers and irregularly employed women and children, upon which parasitic industries, unable to exist unless they pay wages below the standard of decent subsistence, are called into being.

EXISTING CONDITIONS OF EMPLOYMENT.

8. In addition to the large variations which affect entire industries, there is an ever present and equally difficult problem in the unsteadiness of employment. The existing methods of hiring and discharging employees, and the constant changing of positions by the workers themselves, divide the work among a much larger number of employees than are actually needed. Instead of one person being employed where there is work for but one, several are hired during the course of the year to occupy the same position. Thus an investigation of the cloak and suit industry of New York showed that the maximum number of employees in 16 occupations during any week of the year was 1,952. Actually, however, the pay rolls showed that 4,000 people were employed in these occupations. This "turnover" of the labor force, the constant shifting from job to job, the dropping and hiring of men, is peculiar to no industry. It is found everywhere, among women as well as men, and it is a kind of irregularity of employment that is a constant factor. A large mail-order house which began the year with about 10,500 employees and ended with about the same number, engaged during that year 8,841 people in order to maintain their force. A manufacturing establishment employing in 1913 an average of 7,200 people, hired 6,980 during that year. An automobile factory was reported in 1912 to have hired 21,000 employees in order to maintain an operating force of 10,000. A large steel plant employing about 15,000 men hires normally an equal number to maintain that force. During the years when it wanted to increase the force three and one-half times as many were hired as were actually needed to make up the increase. In some lumber camps and sawmills on the Pacific coast all men are discharged twice a year, in July and December, and complete new forces are hired when work is resumed. In the logging camps it is customary to hire five men in the course of the season to keep one job filled.

A manager of a large electrical works made a study of a group of representative factories (large, small, and medium) in the mechanical industries and found that to increase their working force by 8,128 people in the year 1912, they actually hired 44,365 people; that is to say, five and one-half times the number actually needed to make up the increase were hired and 36,237 were dropped from the rolls for one reason or another.

9. Detailed investigations show that a majority of the employees dropped from the pay-rolls leave of their own accord. But there is no doubt that many of them leave because they were hired to do work for which they were unfitted; and many others, without actually being discharged, leave because work is slack or threatens to become slack. In the lower paid and more disagreeable jobs there is almost a constant shifting of employees because no one works at these jobs except during those periods when he is helpless and can get no other work. Whatever the reason is for the men quitting, there is no doubt that conditions of employment and methods of hiring and discharging employees have very much to do with causing a large "turnover" of the labor forces. Those employers who have given attention to this question of hiring and discharge have been able to reduce the "turnover" very greatly, and thus make employment more steady.

10. The problem of unemployment has never received adequate attention, apparently because it has been believed generally that it affected only a small part of the working population. Such a belief is absolutely false. Not only is practically every wage earner in constant dread of unemployment, but there are few who do not suffer bitterly many times in their career because they are unable to get work. Every year from 15,000 to 18,000 business enterprises fail and turn their employees out; every year new machinery and improved processes displace thousands; cold weather and wet weather and hot weather stop operations and force wage-earners into idleness; and where there are not these natural causes there are the customs and habits and holiday rushes which result in overwork followed by underemployment. Employers change the locations of their plants and conditions of credit and currency cause depressions and shut-downs and short-time and part-time work. Constantly the methods of hiring and discharging employees are causing people to be dropped from the pay rolls. All these facts in connection with the conservative figures of fluctuation in the amount of employment prove that "the unemployed" eventually include practically every wage-earner, and not alone a surplus portion.

11. Practically all wage-earners are affected by the fluctuations of industry. To count the number of the unemployed at any given time becomes almost impossible, since the number is changing from day to day. The unemployed of to-day are the workers of to-morrow, and vice versa.

The permanently unemployed are really people who have dropped out of the ranks of industry, broken down by the unsteadiness of employment or other causes. Some are mentally defective or physically incapable or both. Others are "down and outs," who have lost the habit of working. Still others live by their wits, by begging, or by crime. During the most prosperous times, when labor is in great demand, these same people do not work. They are "unem-

ployed" in the same sense that young children, the old, and the sick, and those who live on incomes from investments, are unemployed. No amount of work that might be provided by public or private enterprise would have any appreciable effect on these unemployables. They need hospital or corrective treatment. In prosperous times they are considered the subjects of such treatment, but in every period of industrial depression they stand out as the most conspicuous element in the "army of the unemployed."

The failure to distinguish these unemployables from those who are temporarily out of work on account of a slack season or the failure of a firm and those casual workers who are employed for part of every week or month, leads to hopeless confusion.

12. The fluctuations in business affect capital as well as labor, but the result is entirely different. Capital suffers the same fluctuations and every industry has its "peak loads." The essential differences are, first, that a fair return on investments is estimated by the year, while for labor it has become more and more customary to hire and pay and discharge by the week, day, or hour, or by the piece, and, second, that while capital can offset the fat years against the lean, the human beings who are unemployed can not, but must starve or suffer a rapid physical and moral deterioration. The result is that unless the wage earners are very strongly organized—and the vast majority are not—they must bear the whole burden of the waiting period when they must act as a reserve force ready to meet the maximum demand of the busy season. We do not consider policemen unemployed when they are not arresting violators of the peace, and we do not consider firemen out of work when they sit in the firehouses prepared to do their duty. But for most working people industry is still conducted on a sort of volunteer fire department basis. In the busy seasons and prosperous years all are desirable and useful citizens. At other times they are useless and worthless, so far as our industries are concerned. They are turned adrift to take care of themselves and those dependent on them as best they can.

EXISTING AGENCIES FOR EMPLOYMENT.

13. The first step in any intelligent attempt to deal with the problem is the organization of the labor market on a systematic business-like and efficient basis.

14. Labor exchanges can not create work nor make the existing irregular demand for labor steady the year through, but they can, if properly managed, remove the unnecessary loss of time which workers now suffer in passing from one job to the next; they can eliminate the numberless evils which now characterize private employment offices; and they can provide the information and administrative machinery which is essential to every other step in dealing with the problem.

15. The absurdity and waste which characterizes the existing system of marketing labor can best be appreciated by imagining the condition which would be produced if every manufacturer who needed lathes, drill presses, planers, and milling machines advertised for them in the papers, and many machines were sent to him, out of which he could pick the few he wanted. Yet that is exactly what happens when machine hands, human beings, are wanted;

when the calls go out for harvest hands or when any other class of labor is advertised for. No one knows how many will answer the advertisement. Many more than the number needed respond to the calls. The waste of time, energy, car fare, and railroad fare to get to the places is enormous. Often men quit positions in the hope of getting the alluringly advertised work. Many employers do not even advertise. They simply hang the "Help wanted" sign at the door and depend on people to walk the streets and watch for these signs.

16. Wherever systematic methods and intelligent organization and direction are lacking, there evils creep in to add to the chaos. That is exactly what we find has happened in the labor market. The saloon becomes one of the most important places in the country to get information about jobs. Pool rooms, cafés, grocery stores, lodging houses, even street corners and public parks become improvised labor markets. In these places many and strange abuses are met with. Groundless rumors send people scurrying over the city and the country on a wild-geese chase. One job seeker sells information to another, and quite often it is false or misleading. Foremen sell real or bogus jobs under their control. Fees for jobs are paid by buying drinks, and "man catchers" pick up victims to rob or abuse.

17. Of all the evils, the wild rumors regarding available jobs are the greatest. These evils are increased by fake "want ads" in the newspapers, untruthful or innocently misleading advertisements for help, and new stories intended to boost towns or industries or to attract large supplies of labor. Investigators and men who were sent to answer "want ads" found many of these inserted by employment agents who had no jobs to offer but who wanted to collect registration fees. Other advertisements were pure fakes, inserted by "white slavers," bogus real estate and stock brokers, selling agents of "new propositions," padrones, and other swindlers. A study of newspaper want advertisements made a few years ago revealed that when times are good one-fourth or more are "fake ads," while in hard times more than one-half are in this class.

18. Private enterprise has attempted to deal with the situation through the establishment of employment agencies which gather information regarding opportunities for employment and sell the information to work seekers and, under certain conditions, collect fees also from employers. The number of private employment agents varies greatly from year to year, but there must be from 3,000 to 5,000 of these labor middlemen in the country.

Investigations show, however, that instead of relieving unemployment and reducing irregularity, these employment agencies actually serve to congest the labor market and to increase idleness and irregularity of employment. They are interested primarily in the fees they can earn, and if they can earn more by bringing workers to an already overcrowded city, they do so. Again, it is an almost universal custom among private employment agents to fill vacancies by putting in them people who are working at other places. In this way new vacancies are created and more fees can be earned.

19. They also fail to meet the problem because they are so numerous and are necessarily competitive. With few exceptions, there is no cooperation among them. This difficulty is further emphasized by the necessity of paying the registration fees required by many

agencies; obviously the laborer can not apply to very many if he has to pay a dollar at each one.

20. The fees which private employment offices must charge are barriers which prevent the proper flow of labor into the channels where it is needed and are a direct influence in keeping men idle. In the summer, when employment is plentiful, the fees are as low as 25 cents, and men are even referred to work free of charge. But this must necessarily be made up in the winter, when work is scarce. At such times, when men need work most badly, the private employment offices put up their fees and keep the unemployed from going to work until they can pay \$2, \$3, \$5, and even \$10 and more for their jobs. This necessity of paying for the privilege of going to work, and paying more the more urgently the job is needed, not only keeps people unnecessarily unemployed, but seems foreign to the spirit of American freedom and opportunity.

21. An additional injustice inevitably connected with labor agencies which charge fees is that they must place the entire cost of the service upon those least able to bear it. Employment agents say that employers will not pay the fees; hence they must charge the employees. Among the wage earners, too, however, those who are least in need and can wait for work, pay the least for jobs and even get them free, while those who are most in need make up for all the rest and pay the highest fees. The weakest and poorest classes of wage earners are therefore made to pay the largest share for a service rendered to employers, to workers, and to the public as well.

22. The fees paid private employment agents in California in the license year ending March 31, 1912, amounted to \$403,000. Using these figures as a rough basis, the fees for the country as a whole amount annually to \$15,000,000. This enormous sum of money, which is being paid chiefly out of the meager earnings of domestic servants, clerks, and unskilled laborers, would be enough to support a system of public exchanges which would bring order out of the existing chaos.

23. There are many private employment agents who try to conduct their business honestly, but they are the exception rather than the rule. The business as a whole reeks with fraud, extortion, and flagrant abuses of every kind. The most common evils are as follows:

Fees are often charged out of all proportion to the service rendered. We know of cases where \$5, \$9, \$10, and even \$16 apiece has been paid for jobs at common labor. In one city the fees paid by scrubwomen is at the rate of \$24 a year for their poorly paid work. Then there is discrimination in the charges made for the same jobs. Often, too, men are sent a long distance, made to pay fees and transportation, only to find that no one at that place ordered men from the employment agent. A most pernicious practice is the collusion with foremen or superintendents by which the employment agent "splits fees" with them. That is, the foreman agrees to hire men of a certain employment agent on condition that one-fourth or one-half of every fee collected from men whom he hires be given to him. This leads the foreman to discharge men constantly in order to have more men hired through the agent and more fees collected. It develops the "three-gang" method so universally complained of by railroad and construction laborers,

namely, one gang working, another coming to work from the employment agent, and a third going back to the city.

Finally, there is the most frequent abuse—misrepresentation of terms and condition of employment. Men are told that they will get more wages than are actually paid, or that the work will last longer than it actually will, or that there is a boarding house when there really is an insanitary camp, or that the cost of transportation will be paid, when it is to be deducted from the wages. They are not told of other deductions that will be made from wages; they are not informed about strikes that may be on at the places to which they are sent, nor about other important facts which they ought to know. These misrepresentations, it must be said, are often as much the fault of the employer as of the labor agent. Also the employer will place his call for help with several agents, and each will send enough to fill the whole order, causing many to find no jobs. Labor agents and laborers alike are guilty of the misuse of free transportation furnished by employers to prospective help. And it is true also that many applicants perpetrate frauds on the labor agents themselves, as, for example, causing them to return fees when positions actually were secured. This is the result of the general feeling that the whole system of paying fees for jobs is unjust; and if they must pay in order to get work, then any attempt to get the fee back is justifiable.

24. Attempts to remove these abuses by regulation have been made in 31 States, but with few exceptions they have proved futile, and at most they have served only to promote a higher standard of honesty in the business and have not removed the other abuses which are inherent in the system. Where the States and cities have spent much money for inspectors and complaint adjusters there has been considerable improvement in the methods of private employment agencies, but most of the officers in charge of this regulation testify that the abuses are in "the nature of the business" and never can be entirely eliminated. They therefore favor the total abolition of private labor agencies. This is also the common opinion among working people, and in several States attempts have already been made to accomplish this by law.

25. It is significant that trade union members are practically never found among the applicants for charity during periods of unemployment. They may be unemployed, but they are in some way cared for, either by having work found for them or by systematic or voluntary relief. Within each strongly organized trade, it may be said, the problem of connecting man and job is cared for fairly well. The union headquarters is the most common labor market for organized workers. Ordinarily, no systematic employment business is done, but many unions have out-of-work books in which the unemployed write their names, and it is part of the duties of the business agent of every union to be on the lookout for vacancies and to notify members seeking employment of the opportunities. Many unions also have traveling benefits to assist members in going from place to place. But when it comes to placing men outside of their own trades the unions are not successful as employment offices.

Partly for this reason and partly for the reason that only a small part of the wage earners are in strongly organized trades, the trade unions occupy a minor place in the general labor market.

26. Within recent years associations of employers have established employment offices in all the important cities of the country. The movement is spreading very rapidly, and there is hardly an important industrial center in the country that has not a bureau of this kind. These offices are supported out of the funds of the employers' associations, and their services are free to working people. Most of them, however, do a very small employment business.

Almost all of these offices owe their origin to the movement among employers to establish and maintain the so-called "open shop" or the "antiunion shop." Since their establishment, employers have discovered that such offices are very useful also in creating central clearing houses for labor, "constituting the shortest cut between supply and demand." This, however, is not their primary purpose, for nowhere have they extended their operations to include common laborers, who suffer most from disorganization of the labor market. These bureaus are merely divisions of the regular business of the employers' associations, and one of the main purposes of these associations is to prevent the organization of their shops by trade-unions. The employment bureaus are established and maintained to further this purpose.

The employment bureaus maintained by employers' associations, therefore, not only are of no practical value as a means of solving the problem of unemployment, but, on the contrary, because they are organized primarily to prevent the employment of skilled workmen who are distasteful to their members, are actual barriers to the free movement of labor.

27. In every city there are religious and charitable organizations which attempt to find work for destitute persons. In connection with the charity societies of the larger cities, regular employment agencies are maintained, but very little business, comparatively, is done by these officers. Working people do not go to them, and employers do not call for employees at such offices, except occasionally for men to do odd jobs, or when they agree to place someone as a favor to the charity workers. The main work of the charitable employment offices is to find odd jobs for the unemployed who can not hold ordinary positions. They also help people handicapped by age, illness, or other physical or mental defect. Their primary purpose is charity. They may be said to have no effect whatever on employment conditions for able-bodied workers.

Until the State is ready and able to take proper care of its handicapped, diseased, and subnormal members, the charitable employment agencies and institutions will continue to be necessary, because labor exchanges properly organized on a business basis, whether by public or by private enterprise, can not deal with the handicapped classes of labor. Those who are physically or mentally unfit to hold positions should be sent to the places where they will get the relief they need and not to work which they would quit or from which they would be dismissed in a few days.

PUBLIC EMPLOYMENT AGENCIES.

28. In 1890 Ohio created the first public employment offices in this country. Since that time, such offices have been established in 23 other States, and they are now in operation in about 80 cities. Most

of them were created by State laws; a few are municipal enterprises. They represent an expense to the States and cities of about \$300,000 annually, and, according to their reports, they fill about 500,000 positions a year.

29. As a result of a very extensive investigation it has been found that the public employment offices of the United States, as a whole, are issuing inaccurate statistics. They are slipshod in recording information about employers and employees. They cater too much to casual laborers and "down-and-outs," thus driving away the better class of workers. Too many are poorly housed, with insufficient lighting and ventilation. They fail to supplant private agencies or to lessen their exploitation of workers. They do not exchange information even when closely located. They fail to bring themselves to public attention, either by advertising or otherwise, and they have failed to arouse public interest in their work. This is true of public employment offices taken as a whole, but there are some very bright exceptions. During the last few years, also, the labor departments have been devoting more attention to the work of public employment offices, and many improvements have resulted which show that the principles underlying the offices are sound, but that they have not been properly carried out.

30. The reasons for the failure of most of the public employment offices are:

First. The inefficiency and lack of training of the officials and clerks who operate the agencies. A public employment office must build up its work by soliciting business and giving service that is felt to be valuable; otherwise little attention will be paid to it. For this purpose men of judgment and experience are necessary to carry on the work. It is a technical business requiring not a mere shuffling of applications but careful selection of applicants and thorough understanding of the requirements of positions to which they are to be sent.

Second. The offices have generally been regarded as political spoils, with a consequent change of personnel after each election.

Third. The salaries have been inadequate to attract competent men.

Fourth. The public employment offices have been the objects of suspicion, if not of actual opposition, by employers and organized labor as well. Union men have feared that the offices might be used as strike-breaking agencies, or to lower wage rates. Employers, on the other hand, have feared that the offices might be used to fill their shops with union men and labor agitators.

The activities of the Federal Department of Labor in connection with unemployment have been chiefly attempts to utilize the existing machinery of the Bureau of Immigration and the Post Office Department for receiving the applications of men out of work, collecting information regarding opportunities for employment, and as far as possible referring idle men to opportunities for work. For this purpose the country has been divided into 18 zones, with a central office in each, which is in charge of an immigrant inspector. Applications from employers and employees are received either directly or through a special arrangement with the Post Office Department.

The statutory authority for the establishment of the system is contained in the act of 1907, creating a division of information in the Bureau of Immigration, broadened in scope by the act creating

the Department of Labor. The opportunity to establish the system arose through the great decrease in immigration, which left a large part of the resources of the Bureau of Immigration available for this purpose. The system was established only in March, 1915, and it can not properly be judged on the results of this very limited experience. The most promising feature of the entire system is the arrangement which has been made for close cooperation with the National Farm Labor Exchange, which has been organized by the labor commissioners of the States in the wheat belt. No such close cooperation has yet been established with any other public employment system and no effort has been made to regulate the abuses of the private exchanges which do business in two or more States.

The following observations regarding the present scheme of the Department of Labor seem to be proper:

(a) The system of zones and central offices is sound and affords a suitable framework for the development of the system.

(b) The operation of the system directly by the Bureau of Immigration is likely to deter a great many workmen from utilizing it, through a belief that it is intended only for immigrants.

(c) The employers have generally assumed an attitude of suspicion toward the Department of Labor, which forms a great handicap.

(d) The system does not yet provide for sufficiently close cooperation with the State and municipal employment offices.

(e) The system of registering applications does not provide for the close personal contact which is necessary to ascertain the requirements of the employer or to select the workman who is capable of filling such requirements. The success of every employment office depends upon this personal contact.

(f) The qualifications demanded in the examination of immigrant inspectors are not designed to secure men who are properly qualified to operate public employment offices.

(g) A national employment system should not have to depend upon the exigencies of the general immigration service.

(h) The system can not attain efficiency until provision is made for the regulation of private agencies which operate in two or more States.

(i) The successful operation of a national employment system can not be attained until provision is made for some form of cheap transportation, which will assure the prompt arrival of workers at points where they are needed and eliminate the present wasteful, dangerous, and demoralizing practice of workers riding on freight trains.

(j) In order to secure the confidence of both capital and labor, the creation of national and local advisory committees consisting of employers and employees is advisable. Such committees would also be of great assistance through their knowledge of the local industrial conditions.

It is suggested that the commission recommend:

1. The enactment of appropriate legislation modifying the title of the Bureau of Immigration to "Bureau of Immigration and Employment" and providing the statutory authority and appropriations necessary for—

(a) The establishment of a national employment system, under the Department of Labor, with a staff of well paid and specially qualified officials in the main offices at least.

(b) The licensing, regulation, and supervision of all private employment agencies doing an interstate business.

(c) The investigation and preparation of plans for the regularization of employment, the decasualization of labor, the utilization of public work to fill in periods of business depression, insurance against unemployment in such trades and industries as may seem desirable, and other measures designed to promote regularity and steadiness of employment.

2. The immediate creation of a special board made up of the properly qualified officials from the Departments of Agriculture, Commerce, Interior, and Labor and from the Board of Army Engineers to prepare plans for performing the largest possible amount of public work during the winter, and to devise a program for the future for performing during periods of depression such public work as road building, construction of public buildings, reforestation, irrigation, and drainage of swamps. The success attending the construction of the Panama Canal indicates the enormous national construction works which might be done to the advantage of the entire Nation during such periods of depression. Similar boards or commissions should be established in the various States and municipalities.

XII. ORGANIZATION, METHODS, AND POLICIES OF TRADE UNIONS.

The investigations of the commission conducted under the direction of Dr. George E. Barnett, are the basis of the following conclusions:

1. The number of trade unionists relative to the working population is steadily increasing, although in certain industries, on account of the opposition of the great corporations and hostile employers' associations, trade unionism is practically nonexistent. At present it may be roughly estimated that in manufacturing, mining, transportation, and the building industries, if the proprietary, supervisory, official, and clerical classes are excluded, 25 per cent of the workers 21 years of age and over are trade unionists.

2. The effects of trade unionism on wages are undoubted. Without some form of combination the wageworkers can not bargain on equal terms with their employers. During the past 15 years, a period of rapidly rising prices, wages in well-organized trades have kept pace with the rising cost of living, in contrast to the relative decline of the purchasing power of the wages received by labor generally.

3. In the well-organized trades the hours of labor have been steadily reduced until at present eight hours is the normal working day for at least one-half of American trade unionists. It is significant of the influence of trade unionism on the length of the working day that it is exactly in those trades in which the trade unionists are a relatively small part of the total working force that they work long hours relatively to other trade unionists.

4. As the unit of industry grows larger and the natural relation which exists between the small employer and his workmen disappears, the opportunity for unjustifiable discharges and petty tyrannies enlarges. The result is distrust and enmity among the employees. The effective remedy is the organization of the workers and the

establishment of a system of trade boards in which the workers are equally represented with power to deal with such questions.

5. By means of mutual insurance in case of death, sickness, accident, old age, and unemployment many trade unions have greatly improved the conditions of their members. The extension of such systems appears to be highly desirable.

6. The trade union is a democratic institution and faces the same problems in securing efficient government that other democratic institutions face. The theory of government which the American trade unions have adopted is the centralization of power in the national trade union as against the local unions. The successful carrying out of this plan of organization will eliminate the chief defects in trade union government. The control by the national union over strikes and the system of mutual insurance is already thoroughly established in the more important unions; it should be established in all other unions.

7. Unwarranted sympathetic strikes have undoubtedly been the cause of great annoyance and considerable economic loss to employers. The annoyance in such cases is particularly great, because no direct action by the employer can be taken; at best he can only use his influence with his associates or competitors. With the increasing control of the national officers over the local unions, this kind of strike seems to be decreasing both in extent and frequency. Such sympathetic action is deep-rooted in the sense of brotherhood which to a greater or less degree pervades and will not be completely eliminated until substantial justice exists throughout industry.

8. A few trade unions exclude qualified persons from membership by high initiation fees or other devices. This policy is condemned by the more important unions and is prohibited by their rules. The evidence presented to the commission shows clearly that the policy of exclusion is antisocial and monopolistic and should be given up by those unions which practice it.

9. In many trades the efficiency of the union depends upon the maintenance of the rule that all those working at the trade shall become members of the union. Where the union admits all qualified workers to membership, under reasonable conditions, such a rule can not become the basis of monopoly, and neither the rights of the individual nor the public interest are infringed by its enforcement.

10. In some trades there are a considerable number of union rules which restrict the productivity of the worker. Some of these rules can be justified on the ground that they are necessary to the protection of the health of the worker. There are some, however, which can not be defended; these rules are antisocial and should be given up. Experience has shown that where industry is regulated by well-organized systems of joint agreements, such rules either disappear or greatly decrease in number and importance. These limitations of output should not, however, be considered as standing alone. The limitations of output by associations of employers and by individual corporations are equally antisocial and have far greater consequence.

11. Jurisdictional disputes are the occasion of frequent and costly strikes. The disputes of this character which have caused most injury are in the building trades. Up to the present, the efforts to lessen these disputes by action of the national unions involved have

largely failed. It is suggested that the commission recommend to the American Federation of Labor and to the national unions that renewed and more effective efforts be made to prevent such disputes.

12. The essential condition for trade-union graft is the placing of the authority to call strikes or to levy boycotts in the hands of one person without adequate provision for supervision. This condition does not exist in many unions. There is abundant evidence to show that in very many cases it originates with employers who desire to secure an advantage over their competitors. The reason that graft is more prevalent in the building trades is that power is conferred on the business agent to call strikes without reference either to the rank and file or to the national officers. It has been testified by employers who have given much attention to this problem that any well-organized association of employers can eliminate graft whenever its members desire to do so. As far as the unions are concerned the solution seems to lie in the increased participation of the rank and file in the activities of the organization and increased provisions for fixing responsibility upon their business agents.

XIII. ORGANIZATION, METHODS, AND POLICIES OF EMPLOYERS' ASSOCIATIONS.

1. The commission finds that in the past 10 years there has been a rapid growth in employers' associations. These associations, excluding those general associations which have been formed for the purpose of advancing the political, commercial, or legal interests of the employers, may be divided into two classes, bargaining associations and hostile associations. The bargaining associations deal with the unions; the hostile associations oppose collective bargaining.

2. The formation of bargaining associations is essential to the existence of a satisfactory system of joint agreements. A considerable number of employers, although accepting the results of the joint conferences in their trades, do not belong to the associations of employers. It is highly desirable that all employers whose establishments are run in accordance with the terms of a joint agreement should be represented in making that agreement. In many bargaining associations the control over the members is very weak. The association has no power of discipline except expulsion, and where participation in the making of the agreement is regarded as of little importance expulsion is an inadequate remedy.

3. The hostile employers' association is a comparatively recent development. In many cases these associations were formed for the purpose of negotiating joint agreements with the unions, but after the failure of negotiations or the breakdown of an agreement they assumed their present form. In some cases associations which have been hostile have resumed relations with the unions. There is a strong tendency, however, for a hostile association after a few years to develop principles and policies which make any agreement with the unions impossible. The hostile association may be regarded, therefore, as a distinct species with definitely fixed characteristics.

4. In the majority of hostile employers' associations, the basic principle is that the conditions of employment shall be determined solely by the individual employer and the individual workman, but in actual practice this results uniformly in the dictation of conditions

solely by the employer. The "declarations of principles" adopted by these associations declare, for example, that the "number of apprentices, helpers, and handy men to be employed will be determined solely by the employer;" "employees will be paid by the hourly rate, by premium system, by piecework, or contract, as the employers may elect;" "since we, as employers, are responsible for the work turned out by our workmen, we must have full power to designate the men we consider competent to perform the work and to determine the conditions under which that work will be prosecuted." Even as to wages these associations are unwilling to bargain collectively, since they refuse to recognize a minimum wage or any other standard form of wage, without which a collective agreement is impossible.

5. In a few of the more highly centralized employers' associations wage rates are set by the association, although other conditions may be left to the individual employer. In these associations the principle of individual bargaining is modified to the extent that certain minimum conditions of employment are set by the association.

6. The prime function of the hostile associations is to aid their members in opposing the introduction of collective bargaining. The most important device used by the members of the associations in resisting the attempts of the union to replace individual bargaining by joint agreement is discrimination against members of the union. Many of the associations have in their "declarations of principles" the statement that no discrimination will be made against any man because of his membership in any organization, but this rule is not enforced. Ordinarily members of the union are not discriminated against, but if the number of unionists increases in any shop until it becomes large, the employer is advised or decides on his own volition to hire no more members of the union. Moreover, any workman who is prominent in urging the others to form a union is likely to be dismissed. The aim of the association is to prevent in ordinary times such an increase in the number of unionists as will lead to a collective demand. The proposition is effective against collective action, as membership of an individual workman in a union constitutes no menace to the employer's power to control his business unless the individual can persuade others to act with him.

7. Nearly all of the important associations maintain employment agencies. These bureaus enable the members of the association to select nonunionists for employment.

8. Practically all of the associations maintain a secret-service department through which they are able to ascertain the increase in the number of the trade unionists and the feeling of the men. Through this information the association is able to forestall threatened strikes and any other attempt to secure collective action on the part of the workers.

9. In some of the associations an attempt is made to induce the individual employer to change conditions when there is evidence that dissatisfaction exists among his workmen. Similarly some of the associations have been active in promoting safety systems and welfare systems.

10. Inasmuch as the right of workers to organize in any manner that they see fit is fully recognized by society and has repeatedly

been given a legal status in the decisions of even the most conservative courts, there is strong reason for holding that these hostile employers' associations, which are organized primarily for the prevention of organization, are not only antisocial but even perhaps illegal.

It is suggested that the commission strongly recommend:

1. The formation of strong and stable associations of employers for the purpose of negotiating joint agreements and otherwise determining, upon a democratic and equitable basis, the fundamental problems of the trade.

XIV. JOINT AGREEMENTS.

The investigations of the commission, conducted under the direction of Dr. George E. Barnett, as well as the evidence presented at the public hearings, warrant the following conclusions:

1. The conditions of employment can be most satisfactorily fixed by joint agreements between associations of employers and trade unions.

2. Where the association of employers and the union participating in the joint agreement cover the entire competitive district, it becomes possible to regulate the trade or the industry, not merely with reference to wages and hours, but with reference to unemployment, the recruiting of the trade, and the introduction of machinery and new processes. The method of regulation by joint agreement is superior to the method of legislative enactment, since it is more comprehensive, is more elastic, and more nearly achieves the ideal of fundamental democracy that government should to the greatest possible extent consist of agreements and understandings voluntarily made. The method of legislative enactment is inapplicable to many trade problems, and even where it is supplemented by administrative regulation it is cumbersome.

3. The essential element in a system of joint agreements is that all action shall be preceded by discussion and deliberation. If either party through lack of organization is unable to participate effectively in the discussion and deliberation, to that extent the system falls short of the ideal. Where a union or an employers' association delivers its demands in the form of an ultimatum and denies the other party an opportunity collectively to discuss the demands, a fundamental condition of the joint agreement is lacking.

4. The thorough and effective organization of the employers is lacking in many trades in which the workmen are well organized. It is highly desirable that such organization should be brought about.

5. In a few trades agreements have been made which provide that the members of the union will not be allowed to work for any employers who are not members of the employers' association. The usual result is that the employers' association restricts its membership or in some other manner artificially raises prices to the consumer. Such agreements are against the public interest and should not be tolerated.

6. Joint agreements, on the whole, are well kept. There is a constant increase in the sense of moral obligation on the part of both employers and unions. Violations of agreements on the part of a

small number of men or of a single employer occasionally occur. It is found that the unions tend more and more to punish by fines or other disciplinary measure such infraction on the part of their members. The great difficulty in the rapid solution of this problem is that even graver evils than contract breaking are apt to result from giving officials the power which they must have in order to punish properly individuals or local unions for illegal strikes. The employers' associations, from the nature of the case, have less power over their members, but in practically all cases they exercise in good faith what power they have. Furthermore, since the employer in the first instance has the power to interpret the contract, which he may do unjustly, he may actually be guilty of the breach of contract when the employees who strike against such unjust interpretation are apparently the guilty parties.

7. In certain agreements a specified money guaranty is made by each party, and in any breach of the agreement the guaranty is forfeited to the other side. On the whole, such guaranties do not serve a desirable purpose, since there is danger that the parties may come to regard the forfeiture of the guaranty as a compensation for the breach of the agreement.¹ The sense of moral obligation is thus seriously impaired.

8. It does not seem, nor has it been urged by any careful student of the problem, whether employer or worker, that any good end would be served by giving legal validity to joint agreements. The agreements are formulated by parties acting without legal advice, and it not infrequently happens that the form of words adopted is capable of several constructions. In some cases the language is intentionally general, though its purpose may be fully understood by the different parties. It is not desirable that such agreements, the only ones possible under the circumstances, should be construed by the rigid rules customarily used in the courts.

9. Every joint agreement should contain a clause providing for arbitration in the event that the interpretation of the agreement is in dispute. Under such provision the arbitrator would approach the question unhampered by strict rules of construction. The responsibility for breaking an agreement would under such a plan be definitely located.

It is suggested that the commission recommend:

1. The extension of joint agreements as regards not only the field of industry which they cover and the class of labor included but the subjects which are taken up for negotiation and settlement. Greater responsibility for the character, skill, and conduct of their members should accompany the greater participation of trade-unions in the governing of industry.

XV. AGENCIES OF MEDIATION, INVESTIGATION, AND ARBITRATION.

The result of the very extensive investigations which have been made regarding the agencies for mediation and arbitration in this country and abroad have been embodied in the plan for legislation, which is attached hereto. The plan as presented is limited to a national system, but it is recommended that the State legislatures

¹ This statement is not in accordance with the finding of Dr. Barnett, but is formed after consideration of the evidence and opinion of the British Industrial Council.

should enact legislation along the same general lines. The general principles which have governed in drawing up this plan may be stated as follows:

1. The Mediation Commission should be independent of and definitely divorced from every other department of the State or Federal Government. Its only power grows out of its impartiality, and this can not be secured if it is subordinate to any other body whose sympathies either with labor or with capital can be questioned.

2. Mediation should be entrusted to a person as far as possible distinct from those who act as arbitrators or appoint arbitrators.

3. The office of mediator should be placed beyond the suspicion that the office is being used as a reward for party services.

4. The mediator should appoint his own subordinates.

5. It is desirable in the event of the failure of mediation by an official mediator that the parties should be asked to consent to the appointment of a board of mediation and investigation consisting of three persons, one selected by each party and the third by these two. Such a board, it appears, would be able to secure an agreement in many cases where the mediator fails. These boards should have power to summon witnesses and compel the production of papers. In the event that the board could not secure an agreement during the investigation, it should be empowered to make a public report stating the terms on which, in its judgment, the parties should settle.

6. In those cases in which the parties are unable to agree on the third member of the board of mediation and investigation, he should be appointed in the State systems by the State board of arbitration, and in the national system by the mediators, from a list prepared in advance by an advisory board consisting of 10 representatives of employers' associations and 10 representatives of trade unions.

7. National boards of mediation and investigation are to be formed only in disputes involving interstate commerce and in those cases in which the legislature or the executive of a State has requested the intervention of the Federal Government.

8. The Secretary of Labor, or in the States the official bureau or commission, which is created for the protection of the workers, should be employed to appear before the board of mediation and investigation, when it is holding public hearings, either at the request of the board as *amicus curiae* in the ascertainment of facts regarding labor conditions, or, if appealed to, as the spokesman for the employees in the presentation of their case.

PROPOSED PLAN OF A NATIONAL SYSTEM OF MEDIATION, INVESTIGATION, AND ARBITRATION.

ORGANIZATION.

1. *Scope of authority.*—The National Mediation Commission should be given exclusive authority to intervene, under the conditions hereinafter defined, in all industrial disputes involving any corporation, firm, or establishment, except public service establishments, which is engaged in interstate commerce or whose products enter into interstate or foreign commerce.

This provision differentiates its functions from those of the mediation commission existing at present under the Newlands Act. It is considered desirable for the present to provide for the existence of the two commissions, at least until the proposed commission has been thoroughly tested. It is believed to be wise, however, to provide for their close cooperation from the very beginning, with the idea that they will ultimately be consolidated.

It will be noted that this provision also will have the effect of supplanting the mediation powers which are now vested in the Department of Labor. There is no desire to criticise or belittle the past activities of the mediators operating under the Department of Labor, for such criticism is absolutely unwarranted. It is also freely admitted that the Department of Labor has not had either the time or the resources necessary for the proper development of this function. The proposal is made, however, primarily upon three grounds which seem to be sound and, in fact, compelling: First, the function of mediation depends absolutely upon the permanent assurance of impartiality. The Department of Labor was created to represent the interests of labor, and it seems not only inevitable but desirable and proper that the Secretary of Labor should always be drawn from the ranks of organized labor. The function of mediation may be administered with absolute impartiality under any particular Secretary, or even under every Secretary, and yet it seems impossible, even under such conditions, to create that absolute assurance of impartiality which is the prime essential. Second, it is the prerogative and duty of the Department of Labor to act, aggressively if need be, for the protection of the workers at all times, and to utilize every resource at its command to give them that protection. The Department must necessarily be greatly impeded in such frankly partisan action, it would seem, if it must at the same time preserve either the substance or the shadow of impartiality in carrying out its function of mediation. Third, in the bitterest disputes, where the public interest most strongly demands intervention, mediation is seldom successful, and a stage is quickly reached where the most vital necessity is for the full and exact facts regarding the dispute, in order that public opinion may be intelligently formed and directed. Experience has shown that such facts can best be secured fully, quickly, and effectively through the medium of public inquiry. This means that the inquiring body must have power to summon witnesses, compel the production of books and papers, and compel testimony, or the proceeding is worse than a farce. It may be regarded as certain that such powers will never be entrusted to the Department of Labor.

2. *Membership.*—The members of the Mediation Commission should be appointed by the President, with the advice and consent of the Senate. The members should represent in proper balance the interests of employers, employees, and the public. The members should serve for terms of six years.

3. *Advisory board.*—The President of the United States should designate an equal number of leading organizations of employers and leading organizations of employees to appoint representatives to act as an advisory body to the President, to Congress, and to the Mediation Commission. This body, designated hereinafter the advisory board, should give advice regarding the duties of the commission, the administration of its affairs and the selection of mediators,

and be empowered to make recommendations regarding legislation. The advisory board should also prepare lists of persons who may be called upon to serve on boards of arbitration and on boards of mediation and investigation. The advisory board should be called together at least once a year by the chairman of the Mediation Commission; it should have an organization independent of the commission and elect its own chairman and secretary.

The members of the advisory board should be paid traveling and other necessary expenses and such compensation as may be determined upon. Provision should be made for the removal of members by the organizations which they represent.

4. *Subordinate officers and assistants.*—The Mediation Commission should have power to appoint, remove at pleasure, and fix the compensation of a secretary (and a limited number of clerks). The appointment of other officers and assistants, such as mediators, examiners, investigators, technical assessors, experts, disbursing officer, clerks, and other employees, should be subject to the civil-service rules. But arrangements should be made to have the examination include experience and other proper qualifications, and to give the Mediation Commission power to examine all candidates orally.

POWERS, DUTIES AND JURISDICTION.

5. *In interstate commerce.*—(a) *Mediation:* Whenever a controversy concerning conditions of employment arises between employer and employees engaged in interstate commerce other than public service corporations, either party should be able to apply to the chairman of the Mediation Commission for its services in the bringing about of an amicable adjustment of the controversy. Or, the chairman of the commission should be authorized to offer, on his own initiative, the services of the mediators of the commission. If efforts to bring about an amicable adjustment through mediation should be unsuccessful, the commission should at once, if possible, induce the parties to submit their differences to arbitration.

(b) *Arbitration:* Procedure should be similar to that outlined in the Newlands Act. If it is necessary for the Mediation Commission to appoint arbitrators, they should be taken from a list prepared by the advisory board.

(c) *Boards of mediation and investigation:* If the parties to the controversy can not be induced to arbitrate, and if the controversy should threaten to interrupt the business of employers and employees to the detriment of the public interest, the commission should be authorized to request the two parties to consent to the creation of a board of mediation and investigation. If the consent of the parties to the controversy is secured, the commission shall form such a board. Of the three members of the board, one should be selected by the employers, one by the employees and a third on the recommendation of the members so chosen. If either side fails to recommend a member, he should be appointed by the commission. If after a stated time the third member is not recommended, the commission should select him. Appointments to boards of mediation and investigation shall be made by the commission from a list prepared for this purpose by the advisory board. The board of mediation and investigation should offer its friendly offices in bringing about a settlement of

the dispute through mediation. If mediation should not be successful and if the parties to the controversy refuse to arbitrate, this board should have power to make an investigation of the controversy, and should be required to submit to the commission a full report thereon, including recommendations for its settlement. The commission should be empowered to give this report and recommendations adequate publicity.

(d) Powers to secure evidence: A board of mediation and investigation should have power to administer oaths, to subpoena and compel the attendance and testimony of witnesses and the production of books, papers, documents, etc., and to conduct hearings and investigations, and to exercise such other similar powers as might be necessary. It should not have power to prohibit or to impose penalties for strikes or lockouts.

6. *Not in interstate commerce.*—It should be provided that the commission, or a board of mediation and investigation created by it, may exercise the foregoing powers except the compulsory powers under subdivision "d" of proposal 5, for settling industrial controversies between parties not engaged in interstate commerce, if they are requested to do so by the governor or legislature of a State, or by the mayor, council, or commission of a municipality.

7. The Secretary of Labor and the Secretary of Commerce should be authorized to bring to the attention of the commission any dispute in which the intervention of the commission seems desirable. The Secretary of Labor, or such officer as he may designate, should also be authorized to appear before any board of mediation and investigation, either at the request of the board as *amicus curiae* for the ascertainment of facts regarding labor conditions, or, if appealed to, as a spokesman for the employees in the presentation of their case.

COOPERATION.

8. *Cooperation with State and local authorities.*—The commission should be authorized and directed to cooperate with State, local and territorial authorities and similar departments of foreign countries which deal with the adjustment of industrial disputes.

9. *Cooperation with other Federal agencies.*—The commission should, as far as practicable, coordinate its activities and cooperate with other Federal departments in the performance of their duties.

XVI. INDUSTRIAL CONDITIONS AND THE PUBLIC HEALTH—SICKNESS INSURANCE.

The investigations which have been conducted by the commission under the direction of Dr. B. S. Warren, of the Public Health Service, are the basis for the following conclusions:

1. Each of the thirty-odd million wage earners in the United States loses an average of nine days a year through sickness. At an average of \$2 per day, the wage loss from this source is over \$500,000,000. At the average cost of medical expenses (\$6 per capita per year) there is added to this at the very least \$180,000,000.

2. Much attention is now given to accident prevention, yet accidents cause only one-seventh as much destitution as does sickness and one-fifteenth as much as does unemployment. A great deal of unemployment is directly due to sickness, and sickness, in turn, fol-

lows unemployment. The commission's recent study in Indiana showed that 17.9 per cent of unemployment among women in stores in that State was due to illness. In 1901, a Federal investigation of 25,440 workmen's families showed that 11.2 per cent of heads of families were idle during the year on account of sickness, and that the average period of such unemployment was 7.71 weeks. Other investigations show that 30 to 40 per cent of cases requiring charitable relief are immediately due to sickness.

3. Sickness among wage earners is primarily the direct result of poverty, which manifests itself in insufficient diet, bad housing, inadequate clothing, and generally unfavorable surroundings in the home. The surroundings at the place of work and the personal habits of the worker are important but secondary factors.

4. There are three general groups of disease-causing conditions: (1) Those for which the employer and character of the industry and occupation are responsible; (2) those for which the public, through regulatory and relief agencies, is responsible; and (3) those for which the individual worker and his family are responsible.

5. The employers' responsibility includes, besides conditions causing so-called occupational diseases, low wages, excessive hours, methods causing nervous strain, and general insanitary conditions. Many employers already partly recognize their responsibility; aside from "welfare work," many contribute liberally to employees' sick benefit funds or provide for the entire amount.

6. The public has in part recognized its responsibility in such matters as housing, water supply, foods, drugs, and sanitation. But the recognition of responsibility has not been thoroughgoing, and in the case of local health officers the tendency has been too frequently to provide for the better residential sections and neglect the slums.

7. The greatest share of responsibility rests upon the individual, and under present conditions he is unable to meet it. This inability exists by reason of the fact that the majority of wage earners do not receive sufficient wages to provide for proper living conditions, and because the present methods of disease prevention and cure are expensive and sickness is most prevalent among those who are least able to purchase health. The worker is expected to provide for almost certain contingencies in the future when he lacks means of existing adequately in the present.

8. If we might reasonably expect a rapid increase in the wages of all classes of workers to a standard which would permit proper living conditions and adequate medical attention, it would perhaps be inadvisable to recommend any governmental action. But we feel assured that no such condition is to be expected in the near future and believe that new methods of dealing with the existing evils must be adopted.

9. The remedial measures for existing conditions must be based on the cooperative action of those responsible for conditions; must be democratic in maintenance, control, and administration; must distribute costs practicably and justly; and must provide a powerful incentive for sickness prevention.

10. A system of sickness insurance is the most feasible single measure. This conclusion is based on the following:

(a) The losses occasioned by the wage earner's sickness affect employee, employer, and community, all of whom share in the re-

sponsibility. Insurance is the recognized method of distributing loss so as to reduce individual risk to a minimum.

(b) The strongest of incentives—that of lessening cost—is given to efforts to diminish frequency and seriousness of losses; sickness insurance in this respect is a preventive measure of a positive and direct kind. The lower the morbidity and mortality rates, the less the amount necessary for benefits and the lower the insurance rate.

(c) Sickness insurance is no longer experimental, but is rapidly becoming universal. It is not a novelty even in the United States. Although not provided for nor subsidized by Government here, it is most widely used, there being several million workers so insured.

(d) The cost would be no greater than at present. The conclusion appears sound that medical benefits and minimum cash benefits of \$7 per week for a period not exceeding 26 weeks in one year, and death benefits of \$200, can be provided at a total cost of 50 cents per week per insured person. Budgetary studies of large numbers of workmen's families show that under present conditions from 25 and 50 cents a week up to 70 cents and even \$1.86 is spent for little more than burial insurance. Workers would thus receive immeasurably greater benefits for much less than they now pay.

11. A governmental system of sickness insurance is preferable because—

(a) More democratic; the benefits would be regarded as rights, not charity.

(b) Compulsory features, obnoxious under private insurance, would be no longer objectionable.

(c) On account of the reduction in overhead charges and duplication, higher efficiency in administration would be secured at less cost.

(d) Cooperation with other public agencies is impracticable otherwise.

(e) European experience has proved the superiority of Government systems to private insurance.

(f) Taxation of industry by Federal Government in sickness-insurance system is thoroughly established by the Marine-Hospital Service. Law taxing vessels for such fund was passed in 1798, and its constitutionality has never been questioned.

12. The conclusion seems warranted that a sickness-insurance system for the United States or the several States similar in general principles and methods to the best European systems will be less difficult and radical than has been foreboded. It will not so much introduce new ideas and practices as it will organize existing plans and principles into more effective accomplishment. Existing agencies, in trade-unions, mutual benefit societies, and establishment funds, can be utilized just as they have been in Europe. The real problem becomes one of constructive organization.

It is suggested that the commission recommend a Federal system of sickness insurance, constructed along the lines here briefly summarized.

1. *Membership.*—The membership shall comprise all employees of persons, firms, companies, and corporations engaged in interstate commerce, or whose products are transported in interstate commerce, or which may do business in two or more States. The employees of intrastate establishments to be permitted to be insured, if they so elect, under regulations to be prescribed by the commission.

2. *Fund.*—The fund is to be created by joint contributions by employees, employers, and the Government, the last named sufficient for expenses of administration. Such contributions should probably be in the proportion of 50 per cent from workers, 40 per cent from employers, and 10 per cent from the Government. Individuals or groups desiring larger benefits may arrange to make larger payments, and the rate in any trade, industry, or locality may be reduced where conditions so improve as to make a lower rate adequate. The contributions are to be secured through taxing each interstate employer a certain amount weekly for each employee, the part contributed by workers to be deducted from their wages, thus using the regular revenue machinery of the Government.

3. *Benefits.*—Benefits to be available for a limited period in the form of cash and medical benefits during sickness, nonindustrial accidents, and child bearing; death benefits to be of limited size and payable on presentation of proper evidence.

4. *Administration.*—The administration of the insurance funds is to be carried out by a national sickness insurance commission. The national commission should be composed, by presidential appointment with Senate confirmation, of a director (who would be chairman), representatives of employers and representatives of employees in equal ratio, and, as ex officio nonvoting members, the Federal Commissioner of Labor Statistics and the Surgeon General of the Public Health Service. The commission should be empowered to supervise all funds and determine their character and limits of jurisdiction; promulgate all regulations necessary to enforce the act; establish and maintain hospitals; maintain staffs of medical examiners, specialists, dentists, and visiting nurses; provide for medicines and appliances; make contracts with local physicians; cooperate with local funds and health authorities in disease prevention; and provide for collecting actuarial data.

Correlation of the insurance system with the medical profession, the lack of which has been a serious defect in German and British systems, is absolutely necessary. Contracts with physicians should allow to each a per capita payment for the insured persons under his care, the right of selection of physician to be retained by the insured. For the signing of certificates entitling the insured to benefits, and for treating the insured in hospitals, the Surgeon General should detail physicians from the Public Health Service, their entire time to be given to these and other duties (consulting with local physicians, enforcing Federal laws and regulations, and cooperating with local authorities).

XVII. EDUCATION IN RELATION TO INDUSTRY.

The report dealing with this question has been presented by Commissioner Lennon, and is printed on pages 253–261.

XVIII. SCIENTIFIC MANAGEMENT.

The investigation of scientific management was conducted by Prof. Robert F. Hoxie, with the expert assistance and advice of Mr. Robert G. Valentine, representing the employer's interest in management, and Mr. John P. Frey, representing the interests of labor. The investigation grew out of public hearings held by the commission

during the spring of 1914, at which the almost unqualified opposition of labor to scientific management was manifested. The purpose of the investigation was to test by the results of actual practice the claims of scientific management and the charges of the representatives of organized labor.

The investigation, which covered a period of more than a year, was made with the greatest care and thoroughness. Thirty-five shops and systematizing concerns were examined and interviews were had with a large number of scientific management leaders, experts, and employers. The shops visited were, almost without exception, those designated by authorities on scientific management, such as Messrs. Taylor, Gantt, and Emerson, as the best representatives of the actual results of scientific management. In other words, the examination was practically confined to the very best examples of scientific management. The defects and shortcomings pointed out hereinafter are, therefore, characteristic of the system under the most favorable conditions.

As a result of their investigations, Prof. Hoxie, Mr. Valentine, and Mr. Frey submitted a report, agreed upon without exceptions, in which the statements and recommendations which follow are embodied. These statements constitute a very brief summary of the entire report, which should be read as a whole if a complete understanding of their results and findings is desired.

Throughout the report the term "scientific management" is understood to mean the system devised and applied by Frederick W. Taylor, H. L. Gantt, Harrington Emerson and their followers, with the object of promoting efficiency in shop management and operation.

The report, unanimously agreed upon by the commission's investigator and his advisory experts, is the basis for the following statements.

POSSIBLE BENEFITS OF SCIENTIFIC MANAGEMENT TO LABOR AND SOCIETY.

1. As a system, scientific management presents certain possible benefits to labor and to society:

(a) A close casual relation exists between productive efficiency and possible wages. Greater efficiency and output make possible higher wages in general and better conditions of employment and labor.

In so far, then, as scientific management affords opportunities for lower costs and increased production without adding to the burden of the workers in exhaustive effort, long hours, or inferior working conditions, it creates the possibility of very real and substantial benefits to labor and to society.

(b) It is the policy of scientific management, as a preliminary to strictly labor changes, to bring about improvement and standardization of the material equipment and productive organization of the plant, particularly:

Machinery: Installation, repair, operation.

Tools: Storage, care, delivery.

Material equipment: Rearrangement to avoid delays, etc.

Product: Devices for economical and expeditious handling and routing.

Processes and methods: Elimination of waste motions, improvement of accessories, etc.

Reorganization of managerial staff and improvement of managerial efficiency.

Reorganization of sales and purchasing departments with a view to broadening and stabilizing the market.

Improvements in methods of storekeeping and regulation of delivery, surplus stock, etc.

All such improvements are to be commended, and investigation shows that they are not only accepted by labor without opposition but are, in fact, welcomed.

2. Scientific management in its direct relation to labor is not devoid of beneficial aspects, inasmuch as it is to a large extent an attempt at immediate standardization of labor conditions and relations. It may also serve labor by calling the attention of the employer to the fact that there are other and more effective ways to meet severe competition than by "taking it out of labor."

It is true that scientific management and organized labor are not altogether in harmony in their attitude toward standardization of labor conditions and relations. While both seek to have the conditions of work and pay clearly defined and definitely maintained at any given moment, they differ fundamentally as to the circumstances which may justly cause the substitution of new standards for old ones. Trade-unionism tends to hold to the idea that standards must not be changed in any way to the detriment of the workers. Scientific management, on the other hand, regards changes as justified and desirable if they result in increase of efficiency, and has provided methods, such as time study, for the constant suggestion of such changes.

3. The same may be said of many other major claims of scientific management. Whether the ideals advocated are attained or at present attainable, and whether scientific managers are to be found who purposely violate them, scientific management has in these claims and in the methods upon which they are based shown the way along which we may proceed to more advantageous economic results for labor and for society. It may not have succeeded in establishing a practical system of vocational selection and adaptation, but it has emphasized the desirability of it; it may not set the task with due and scientific allowance for fatigue so that the worker is guarded against overspeeding and overexertion, but it has undoubtedly developed methods which make it possible to better prevailing conditions in this respect; it has called attention most forcibly to the evils of favoritism and the rough and arbitrary decisions of foremen and others in authority. If scientific management be shown to have positive objectionable features, from both the standpoint of labor and the welfare of society, this constitutes no denial of these beneficial features, but calls rather for intelligent social action to eliminate that which is detrimental and to supplement and control that which is beneficial to all.

SCIENTIFIC MANAGEMENT IN PRACTICE—ITS DIVERSITIES AND DEFECTS.

4. Conditions in actual shops do not conform to the ideals of the system, and show no general uniformity. Actual field investigations demonstrated beyond reasonable doubt that scientific management in practice is characterized by striking incompleteness and manifold

diversity as compared with the theoretical exposition of its advocates. This incompleteness and diversity in practice apply not only to matters of detail but cover many of the essential features of scientific management even among those shops designated by Taylor, Gantt, and Emerson as representative of their work and influence. The following particular defects were observed:

(a) *Failure to carry into effect with any degree of thoroughness the general elements involved in the system.*—This may take the form of ignoring either the mechanical equipment and managerial organization, adopting simply a few routine features, such as time study and bonus payment, or the adoption of all mechanical features with a complete disregard of the spirit in which they are supposed to be applied.

(b) *Failure to adopt the full system of "functional foremanship."*—The results of prevailing practices do not support the claim that scientific management treats each workman as an independent personality and that it substitutes joint obedience to fact and law for obedience to personal authority.

(c) *Lack of uniformity in the method of selecting and hiring help.*—Upon the whole the range of excellence in methods of selection and hiring in "scientific" shops was the same as in other shops. The workers in scientific-management shops seem to be a select class when compared with the same classes of workers outside, but this result seems to be due to the weeding out of the less satisfactory material rather than to initial methods of selection.

(d) *Failure to substantiate claims of scientific management with reference to the adaptation, instruction, and training of workers.*—Scientific-management shops in general depend upon nothing in the way of occupational adaptation of the workers except the ordinary trial and error method. Investigation reveals little to substantiate the sweeping claims of scientific managers made in this connection, except that in the better scientific-management shops many workmen are receiving more careful instruction and a higher degree of training than is at present possible for them elsewhere. The most that can be said is that scientific management, as such, furthers a tendency to narrow the scope of the workers' industrial activity, and that it falls far short of a compensatory equivalent in its ideals and actual methods of instruction and training.

(e) *Lack of scientific accuracy, uniformity, and justice in time study and task setting.*—Far from being the invariable and purely objective matters that they are pictured, the methods and results of time study and task setting are in practice the special sport of individual judgment and opinion, subject to all the possibilities of diversity, inaccuracy, and injustice that arise from human ignorance and prejudice.

The objects of time study are: (1) Improvement and standardization of the methods of doing the work, without reference to a standard time for its accomplishment, and (2) fixing of a definite task time of efficiency scale.

Possibilities of great advantage exist in the use of time study for the first purpose. However, in a large number of shops, time study for this purpose is practically neglected.

In connection with the second purpose, setting of task time or efficiency scale, great variations are noted, and especially the part

which fallible individual judgment and individual prejudice may and do play.

Detailed observations of the practice of making time studies and setting tasks showed great variations in methods and results. Seventeen separate sources of variation are pointed out, any one of which is sufficient to and in practice does greatly influence the results of time studies.

In face of such evidence it is obviously absurd to talk of time study as an accurate scientific method in practice or of the tasks set by means of it as objective scientific facts which are not possible or proper subjects of dispute and bargaining.

Furthermore, the time-study men upon whom the entire results depend were found to be prevailingly of the narrow-minded mechanical type, poorly paid, and occupying the lowest positions in the managerial organization, if they could be said to belong at all to the managerial group. Nor does the situation seem to promise much improvement, for the position and pay accorded to time-study men generally are such as to preclude the drawing into this work of really competent men in the broader sense. Aside from a few notable exceptions in the shops and some men who make a general profession of time study in connection with the installation of scientific management, this theoretically important functionary, as a rule, receives little more than good mechanic's wages and has little voice in determining shop policies. In fact, the time-study man, who, if scientific management is to make good the most important of its labor claims, should be among the most highly trained and influential officials in the shop, a scientist in viewpoint, a wise arbitrator between employer and workman, is in general a petty functionary, a specialist workman, a sort of clerk who has no voice in the counsels of the higher officials.

However, the method of time study is not necessarily impracticable or unjust to the workers. Under proper direction time study promises much more equitable results than can be secured by the ordinary methods. The greatest essential is a time-study man of exceptional knowledge, judgment, and tact. The average time-study man does not fulfill these requirements at present.

Finally, it is only in connection with standard products, requiring only moderate skill and judgment in layout and work, that economy seems to allow adequate application of the time-study method. Its natural sphere seems to be routine and repetitive work. As long as industry continues to be as complex and diversified as it is, this element of economy will without doubt continue to operate in a way to limit the legitimate scope of time study and task setting. Task setting as at present conducted is not satisfactory to workmen and creates dissatisfaction and jealousy.

(f) *Failure to substantiate the claim of having established a scientific and equitable method of determining wage rates.*—In analyzing the wage-fixing problem in connection with scientific management two matters are considered: (1) The "base rate," sometimes called the day wage, which constitutes for any group of workers the minimum earnings or indicates the general wage level for that group, and (2) added "efficiency payments," which are supposed to represent special additional rewards for special attainments.

The investigators sought in vain for any scientific methods devised or employed by scientific management for the determination of the base rate, either as a matter of justice between the conflicting claims of capital and labor, or between the relative claims of individuals and occupational groups.

Rates for women with reference to men are, as a rule, on the same basis in scientific-management shops as in other shops. One leader said, "There is to be no nonsense about scientific management. If by better organization and administration what is now regarded as man's work can be done by women, women will be employed and women's wages will be paid."

Scientific-management shops seem as ready as others to raise the rates as the wage level generally advances.

"Bewildering diversity" prevails in relation to the "efficiency payment" or reward for special effort. After a careful and extended analysis and investigation of the different ways of rewarding individual increases in output, it was concluded:

All of these systems definitely belie the claim that scientific management pays workers in proportion to their efficiency. One of them has the obvious intent of weeding out the lower grade of workers, while the other two are so constituted as to make such workers very unprofitable to the employers. Two of them lend themselves easily to the exploitation of mediocre workers—those who can deliver a medium output but can not attain to a standard task set high. All of them furnish a strong stimulus to high efficiency and output, but in themselves furnish no visible check on overspeeding and exhaustion. All of them are capable of being liberally applied, but all can also be used as instruments of oppression through the undue severity of task setting or efficiency rating.

There can be no doubt that under scientific management rates are cut. But to say positively that scientific management, on the whole, furthers the cutting of rates is quite another matter. The fact seems clear that at this point there is a conflict of tendencies within the thing itself. There is a strong inducement for scientific managers to maintain rates strictly, and the honest efforts of those who deserve the name to so maintain them can hardly be impugned. At the same time, however, the greatest advance toward efficiency, for which scientific management stands, is obtained by the constant alteration of conditions and tasks through time study. Such alterations almost of necessity mean constant rate cutting. Were industry once standardized for good and all, scientific management would undoubtedly operate as an unequivocal force tending to the maintenance of rates. As it is with industry in flux, what amounts to rate cutting seems to be almost of necessity an essential part of its very nature.

Finally, all of the systems of payment tend to center the attention of the worker on his individual interest and gain and to repress the development of group consciousness and interest. Where the work of one man is independent of another, the individual has no motive to consider his fellow, since his work and pay in no wise depend on the other man. What either does will not affect the other's task or rates. Where work is independent, the leader can not afford to slow down to accommodate his successor.

It must be admitted that these systems are admirably suited to stimulate the workers, but in so far as there may be virtue in the

union principles of group solidarity and uniformity, and in so far as they lay claim to scientific accuracy or a special conformity to justice in reward, they must be judged adversely.

(g) *Failure to protect the workers from overexertion and exhaustion.*—It is claimed by scientific management that protection to workers is afforded by such devices as: Standardization of equipment and performance; substitution of exact knowledge of men and of machines for guesswork in the setting of the task and the determination of the hours and other conditions of work; careful studies of fatigue; elimination of the need for pace setters; transformation of speeders into instructors, and transfer of responsibility from the workers to the management for contriving the best methods of work; maintenance of the best conditions for performing work through furnishing the best tools and materials at the proper time and place; instruction of the workers in the most economical and easiest methods of performing operations; institution of rational rest periods and modes of recreation during working hours; and surrounding the workers with the safest and most sanitary shop conditions.

Investigation indicates that scientific management, in practice, furnishes no reasonable basis for the majority of these specific claims in the present, and little hope for their realization in the near future. In these matters, indeed, the utmost variation prevails in scientific management as in other shops. Several admirable cases were found with respect to all these matters, but shops were not wanting where the management exhibited the utmost suspicion of the workers, referring continually to their disposition to "beat the time-study man," although the time study in such shops was obviously based on the work of speeders and all sorts of inducements were offered for pace setting, where instruction and training of the workers were emphasized by their absence, and where the general conditions of the work were much in need of improvement.

The investigation seems to show clearly that practical scientific management has not materially affected the length of the working day. Aside from shops where the management was evidently imbued with a strong moral sense, the hours of labor in these shops were those common to the industry and the locality.

When we come to the matter of fatigue studies and their connection with speeding and exhaustion, the claims of scientific management seem to break down completely. No actual fatigue studies were found taking place in the shops, and the time-study men, who should be charged with such studies, seemed in general to be quite indifferent or quite ignorant in regard to this whole matter. This does not mean that no attention to fatigue is given in scientific management shops. Cases were found where the health and energy of the workers were carefully observed and attempts were made to adopt the work to their condition, but the methods employed were the rough-and-ready ones of common-sense observation. Rest periods and modes of recreation during the working hours are a regular institution on an extended scale in but one shop visited by the investigators. Isolated instances were encountered elsewhere, but managers in general apparently do not even entertain the idea of their institution.

Scientific management does not always surround the workers with the safest and most sanitary shop conditions. In general, scientific

management shops seem to be good shops as shops go. The introduction of the system has the tendency without doubt to clean the shop up and to improve the condition of belting, machinery, and arrangement of material equipment generally. All this is in the direct line of efficiency and safety. Several very notable examples of excellence in safety and sanitation were found. On the other hand, several shops visited were below good standards in these respects, and flagrant specific violations of safety rules were encountered.

As a whole, the facts in nowise justify the assumption that scientific management offers any effective guaranty against overspeeding and exhaustion of workers. The investigation left a strong impression that scientific management workers in general are not overspeeded, but the challenge to show any overspeeded or overworked men in scientific management shops in very easily met. The situation in this respect varies much with the industry. Some instances of undoubted overspeeding were found, particularly in the case of girls and women. But these instances do not warrant a general charge. On the other hand, there appears to be nothing in the special methods of scientific management to prevent speeding up where the technical conditions make it possible and profitable, and there is much in these methods to induce it in the hands of unscrupulous employers.

(h) *Failure to substantiate the claim that scientific management offers exceptional opportunities for advancement and promotion on a basis of individual merit.*—While scientific management undoubtedly separates the efficient from the inefficient more surely and speedily than ordinary methods, it was shown by the investigation that scientific management often fails in the development of functional foremanship and in the elimination of favoritism. It tends to create a multitude of new tasks on which less skill is required and lower rates can be paid. It has developed no efficient system for the placing or adaptation of the workers. It is inclined in practice to regard a worker as adapted to his work and rightly placed when he succeeds in making the task. It tends to confine the mass of workmen to one or two tasks, and offers little opportunity, therefore, for the discovery and development of special aptitudes among the masses. It tends to divide the workers into two unequal classes—the few who rise to managerial positions and the many who seem bound to remain task workers within a narrow field. In the ideal it offers opportunity for promotion from the ranks, and this works out to a certain extent in practice, but not universally.

There is a great deal of exaggeration, too, in statements made concerning special rewards for usable suggestions. Few of the shops make any systematic rewards of this kind, and where this is the case the rewards are usually trivial. In one shop the investigator was shown an automatic machine invented by a workman, which did the work of several hand workers. "Did he receive a reward?" was asked. "Oh, yes," came the answer, "his rate of pay was increased from 17 to 22 cents per hour."

(i) *With reference to the alleged methods and severity of discipline under scientific management the "acrimonious criticism" from trade unions does not seem to be warranted.*—In theory, the scientific managers appear to have the best of the argument, and in

practice the investigation showed an agreeable absence of rough and arbitrary disciplinary authority. When the tasks were liberally set, the workers were found generally operating without special supervision except where instructions or assistance were needed. Deductions were indeed made for poor work and destruction of materials, but in the better class of shops apparently with no greater and perhaps with less than ordinary severity.

While it should be remembered that the shops selected represented probably the best of the shops operating under this system, in general, it would seem that scientific management does lessen the rigors of discipline as compared with other shops where the management is autocratic and the workers have no organization.

(j) *Failure to substantiate the claim that workers are discharged only on just grounds and have an effective appeal to the highest managerial authority.*—This whole matter is one in which neither management claims nor union complaints seem susceptible of proof, but the investigation indicates that the unions have legitimate basis for charging that discharge is generally a matter of arbitrary managerial authority.

(k) *Lack of democracy under scientific management.*—As a result of the investigation, there can be little doubt that scientific management tends in practice to weaken the power of the individual worker as against the employer, setting aside all questions of personal attitude and the particular opportunities and methods for voicing complaints and enforcing demands. It gathers up and transfers to the management the traditional craft knowledge and transmits this again to the workers only piecemeal as it is needed in the performance of the particular job or task. It tends in practice to confine each worker to a particular task or small cycle of tasks. It thus narrows his outlook and skill to the experience and training which are necessary to do the work. He is therefore easier of displacement. Moreover, the changing of methods and conditions of work and the setting of tasks by time study with its assumption always of scientific accuracy puts the individual worker at a disadvantage in any attempt to question the justice of the demands made upon him. The onus of proof is upon him and the standards of judgment are set up by the employer, covered by the mantle of scientific accuracy.

It would seem also that scientific management tends, on the whole, to prevent the formation of groups of workers within the shop with recognized common interests, and to weaken the solidarity of those which exist. Almost everything points to the strengthening of the individualistic motive and the weakening of group solidarity. Each worker is bent on the attainment of his individual task. He can not combine with his fellows to determine how much that task shall be. If the individual slows down he merely lessens his wages and prejudices his standing without helping his neighbor. If he can beat the other fellow, he helps himself without directly affecting the other's task or pay. Assistance, unless the man is a paid instructor, is at personal cost. Special rewards, where offered, are for the individual. Rules of seniority are not recognized. Sometimes personal rivalry is stimulated by the posting of individual records or classification of the workers by name into "excellent," "good," "poor," etc. Potential groups are broken up by the constant changes in methods and reclassification of workers which are the mission of time study.

The whole gospel of scientific management to the worker is to the individual, telling him how, by special efficiency, he can cut loose from the mass, and rise in wages or position.

With the power of the individual weakened and the chances lessened for the development of groups and group solidarity, the democratic possibility of scientific management, barring the presence of unionism, would seem to be scant. The individual is manifestly in no position to cope with the employer on a basis of equality. The claim to democracy based on the close association of the management and the men and the opportunities allowed for the voicing of complaints is not borne out by the facts; and in the general run of scientific-management shops, barring the presence of unionism and collective bargaining, the unionists are justified in the charge that the workers have no real voice in hiring and discharging, the setting of the task, the determination of the wage rates, or the general conditions of employment. This charge is true even where the employers have no special autocratic tendencies, much more so therefore where, as in many cases, they are thoroughly imbued with the autocratic spirit. With rare exceptions, then, democracy under scientific management can not and does not exist apart from unionism and collective bargaining.

Does the scientific manager, as a matter of fact, welcome the cooperation of unionism? Here, again, the facts should decide the contention. The fact is that while in numbers of scientific-management shops some unionists are employed, they are not generally employed as union men, and the union is rarely recognized and dealt with as such. The fact is that those who declare the willingness of scientific management to welcome the cooperation of unionism in general either know nothing about unionism and its rules and regulations or are thinking of a different kind of unionism from that to which the American Federation of Labor stands committed and a kind of co-operation foreign to its ideals and practices.

To sum up, scientific management in practice generally tends to weaken the competitive power of the individual worker and thwarts the formation of shop groups and weakens group solidarity; moreover, generally scientific management is lacking in the arrangements and machinery necessary for the actual voicing of the workers' ideas and complaints and for the democratic consideration and adjustment of grievances. Collective bargaining has ordinarily no place in the determination of matters vital to the workers, and the attitude toward it is usually tolerant only when it is not understood. Finally unionism, where it means a vigorous attempt to enforce the viewpoint and claims of the workers, is in general looked upon with abhorrence, and unions which are looked upon with complacency are not the kind which organized labor in general wants, while the union cooperation which is invited is altogether different from that which they stand ready to give. In practice scientific management must, therefore be declared autocratic in tendency—a reversion to industrial autocracy, which forces the workers to depend on the employers' conception of fairness and limits the democratic safeguards of the workers.

5. Scientific management is still in its infancy or early trial stages, and immaturity and failure to attain ideals in practice are necessary accompaniments to the development of any new industrial or social

movement. Doubtless many of its diversities and shortcomings will, therefore, be cured by time.

Before this can be brought about, however, certain potent causes of present evil must be eradicated:

(a) The first of these is a persistent attempt on the part of experts and managers to apply scientific management and its methods outside their natural sphere.

(b) A second chief source of danger and evil to labor in the application of scientific management is that it offers its wares in the open market, but it has developed no means by which it can control the use of these by the purchaser. In large part the practical departure of scientific management from its ideals is the result of special managerial or proprietorial aims and impatience of delay in their fulfillment. The expert is frequently called in because the establishment is in financial or industrial straits, and the chief concern of the management is quick increase of production and profits. It must meet its competitors here and now, and can not afford to expend more than is necessary to do this, or to forego immediate returns while the foundations are being laid for a larger but later success, and with careful regard to immediate justice and the long-time welfare of its working force. The outcome frequently is conflict between the systematizer and the management, resulting in the abandonment of the scheme only partially worked out on the retirement of the expert, leaving the management to apply crudely the methods partially installed, sometimes to the detriment of the workers and their interests.

It is true that the situation thus outlined is not of universal application. But bitter complaints were frequently heard from members of the small group of experts who represent the highest ideals and intelligence of the movement, in regard to the managerial opposition which they have encountered, and frequent apologies were offered for the conditions and results of their work, accompanied by the statement that they could go no further than the management would allow, or that things had been done by the management against their judgment and for which they could not stand. Moreover, scientific management is closely interlocked with the mechanism of production for profit and the law of economy rules. Many things which would be desirable from the ideal standpoint, and which are a practical necessity if the interests of the workers are to be fully protected, are not always or usually economical. This is specially true of time study, task setting, and rate making.

The arbitrary will of the employer and the law of economy are two potent special forces which contribute to the existing diversity, incompleteness, and crudity of scientific management as it is practiced, even where the systematizer is possessed of the highest intelligence and imbued with the best motives of his group.

(c) But to explain the situation as it exists at present, two other important factors must be taken into consideration. The first of these is the existence and practice of self-styled scientific management systematizers and time study experts who lack in most respects the ideals and the training essential to fit them for the work which they claim to be able to do. Scientific management as a movement is cursed with fakirs. The great rewards which a few leaders in the movement have secured for their services have brought into the field

a crowd of industrial "patent medicine men." The way is open to all. No standards or requirements, private or public, have been developed by the application of which the goats can be separated from the sheep. Employers have thus far proved credulous. Almost anyone can show the average manufacturing concern where it can make some improvements in its methods. So the scientific management shingles have gone up all over the country, the fakirs have gone into the shops, and in the name of scientific management have reaped temporary gains to the detriment of both the employers and the workers.

(d) Fake scientific management experts, however, are not alone responsible for the lack of training and intelligence which contributes to the diversity and immaturity of scientific management in practice and its failure to make good the labor claims of its most distinguished leaders. The fact is that on the whole, and barring some notable exceptions, the sponsors and adherents of scientific management—experts and employers alike—are profoundly ignorant of very much that concerns the broader humanitarian and social problems which it creates and involves, especially as these touch the character and welfare of labor.

It is because of this ignorance and unwarranted assurance that there is a strong tendency on the part of scientific management experts to look upon the labor end of their work as the least difficult and requiring the least careful consideration. To their minds the delicate and difficult part of the task of installation is the solution of the material, mechanical, and organic problems involved. They tend to look upon the labor end of their work as a simple technical matter of so setting tasks and making rates that the workers will give the fullest productive cooperation. They tend naively to assume that when the productivity of the concern is increased and the laborers are induced to do their full part toward this end, the labor problem in connection with scientific management is satisfactorily solved. In short, in the majority of cases the labor problem appears to be looked at as one aspect of the general problem of production in the shop, and it is truthfully assumed that if it is solved with reference to this problem it must also be solved with due regard to labor's well-being and its just demands. This seems to have been the characteristic attitude of scientific management from the beginning. Labor was simply looked upon as one of the factors entering into production, like machinery, tools, stores, and other elements of equipment. The problem was simply how to secure an efficient coordination and functioning of these elements. It was only after the opposition of labor had been expressed that scientific management began to be conscious of any other aspect of the labor matter. And with some notable exceptions scientific management experts and employers still look upon the labor matter almost solely as an aspect of the general production problem, and have little positive interest or concern in regard to it otherwise.

It is probable that scientific managers will object to these statements, pleading that they are mainly variations and conditions due to the time element or to the necessity imposed by the law of costs. They will say, for example, that when a new and unusual job comes in, neither time nor economy will allow of careful time studies, and if careful studies were made of all the variations of a complicated

task, the expense of such studies would wipe out the profit; that, in general, they are proceeding toward the full realization of the ideal of scientific management as fast as economy will allow. But such pleas would serve only to confirm the main contention that scientific managers and scientific management employers generally are necessarily ruled, like all members of the employing group, by the forces of cost and profits; that to them the labor problem is primarily an aspect of the problem of production, and that in the ends the needs and welfare of labor must be subordinated to these things. Beneath all other causes or shortcomings of scientific management, therefore, in its relation to labor, there seems to be the practical fact of an opposition of interests between the profit-taking and the labor group, which makes extremely doubtful the possibility that its shortcomings from the standpoint of labor are capable of elimination.

GENERAL LABOR PROBLEMS.

6. (a) Scientific management at its best furthers the modern tendency toward the specialization of the workers. Its most essential features—functional foremanship, time study, task setting, and efficiency payment—all have this inherent effect.

Under the scientific management system fully developed, the ordinary mechanic is intended to be and is, in fact, a machine feeder and a machine feeder only, with the possibility of auxiliary operations clearly cut off and with means applied to discourage experimentation. And what applies to the machine feeder applies with more or less thoroughness to machine and hand operatives generally.

But it is not merely in stripping from the job its auxiliary operations that scientific management tends to specialize the work and the workmen. Time study, the chief cornerstone of all systems of scientific management, tends inherently to the narrowing of the job or task itself. As the final object of time study, so far as it directly touches the workers, is to make possible the setting of tasks so simple and uniform and so free from possible causes of interruption and variation that definite and invariable time limits can be placed upon them, and that the worker may be unimpeded in his efficient performance of them by the necessity for questioning and deliberation, the preponderating tendency of time study is to split up the work into smaller and simpler operations and tasks. Decidedly, then, time study tends to further the modern tendency toward specialization of the job and the task.

With functional foremanship lopping off from the job auxiliary operations, and time study tending to a narrowing of the task itself, task setting and efficiency methods of payment come into play as forces tending to confine the worker to a single task or a narrow range of operations. The worker is put upon the special task for which he seems best adapted, and he is stimulated by the methods of payment employed to make himself as proficient as possible at it. When he succeeds in this, to shift him to another task ordinarily involves an immediate and distinct loss to the employer, and the worker himself naturally resents being shifted to a new task since this involves an immediate loss in his earnings. Here worker and employer are as one in their immediate interest to have the job so

simple that the operation can be quickly learned, and the task made, and that shifting of tasks be eliminated as far as possible. The employer besides has another motive for this, in that the shifting of the workers multiplies the records and renders more complex the system of wage accounting. It is true that the scientific management employer, like any other, must have a certain number of workers in the shop who are capable of performing a plurality of tasks. But the tendency is to have as few all-round workers as are necessary to meet these emergencies. The methods of scientific management operate most effectively when they break up and narrow the work of the individual, and the ends of scientific management are best served when the rank and file of the workers are specialists.

This inherent tendency of scientific management to specialization is buttressed, broadened in its scope and perpetuated by the progressive gathering up and systematizing in the hands of the employers of all the traditional craft knowledge in the possession of the workers. With this information in hand and functional foremanship to direct its use, scientific management claims to have no need of craftsmen, in the old sense of the term, and, therefore, no need for an apprenticeship system except for the training of functional foremen. It therefore tends to neglect apprenticeship except for the training of the few. And as this body of systematized knowledge in the hands of the employer grows, it is enabled to broaden the scope of its operation, to attack and specialize new operations, new crafts and new industries, so that the tendency is to reduce more and more to simple, specialized operations, and more and more workers to the positions of narrow specialists. Nor does scientific management afford anything in itself to check or offset this specialization tendency. The instruction and training offered is for specialist workmen. Selection and adaptation are specializing in their tendencies. Promotion is for the relatively few. The whole system, in its conception and operation, is pointed toward a universally specialized industrial régime.

(b) But scientific management is not only inherently specializing; it also tends to break down existing standards and uniformities set up by the workmen, and to prevent the establishment of stable conditions of work and pay. Time study means constant and endless change in the method of operation. No sooner is a new and better method discovered and established and the condition of work and pay adapted to it than an improvement is discovered involving perhaps new machinery, new tools and materials, a new way of doing things, and a consequent alteration of the essential conditions of work and pay, and perhaps a reclassification of the workers.

(c) Ample evidence to support this analysis was afforded by the investigation. Where the system was found relatively completely applied, the mass of the workers were engaged in specialized tasks, there was little variation in the operations except in emergencies, apprenticeship for the many was abandoned or was looked upon as an investment which brought no adequate returns and was slated for abandonment; almost everywhere scientific management employers expressed a strong preference for specialist workmen, old crafts were being broken up and the craftsmen given the choice of retirement or of entering the ranks of specialized workmen; in the most progressive shops, the time study men were preparing the way

for a broader application of the system by the analytical study of the operations and crafts not yet systematized. Changes in methods and classification of workers were seen even during the short course of the investigation.

(d) What does this mean from the standpoint of labor and labor welfare? Certain conclusions are inevitable. Scientific management, fully and properly applied, inevitably tends to the constant breakdown of the established crafts and craftsmanship and the constant elimination of skill in the sense of narrowing craft knowledge and workmanship except for the lower orders of workmen. Some scientific management employers have asserted belief in their ability to get on a paying basis within three months, should they lose their whole working force except the managerial staff and enough others to maintain the organization, if they had to begin all over again with green hands. What this means in increased competition of workmen with workmen can be imagined. Were the scientific management ideal fully realized, any man who walks the street would be a practical competitor for almost any workman's job.

Such a situation would inevitably break down the basis of present-day unionism and render collective bargaining impossible in any effective sense in regard to the matters considered by the unions most essential. It has been proved by experience that unskilled workers generally find it most difficult to maintain effective and continuous organization for dealing with complicated industrial situations. Effective collective bargaining can not exist without effective organization. Moreover, we have already seen how scientific management, apart from the matter of skill, tends to prevent the formation and weakens the solidarity of groups within the shops.

But, beyond all this, time study strikes at the heart and core of the principles and conditions which make effective unionism and collective bargaining possible with respect to certain most essential matters. When the employer can constantly initiate new methods and conditions and reclassify the work and the workmen, he can evade all efforts of the union to establish and maintain definite and continuous standards of work and pay. Time study is in definite opposition to uniformity and stable classification. It enables the employer constantly to lop off portions of the work from a certain class and then to create new classifications of workers, with new conditions of work and pay. Add to all of this the advantage gained by the employers in the progressive gathering up and systematization of craft knowledge for their own uses, and the destruction of apprenticeship, which cuts the workers off from the perpetuation among them of craftsmanship, and the destructive tendencies of scientific management as far as present-day unionism and collective bargaining are concerned, seems inevitable.

(e) Under these circumstances the progressive degeneration of craftsmanship and the progressive degradation of skilled craftsmen also seems inevitable.

(f) The ultimate effects of scientific management, should it become universal, upon wages, employment, and industrial peace, are matters of pure speculation. During the period of transition, however, there can be little doubt of the results. The tendency will be first toward a realignment of wage rates. The craftsmen, the highly trained workers, can not hope to maintain their wage advantage over

the semiskilled and less skilled workers. There will be a leveling tendency. Whether this leveling will be up or down, it is impossible to say. At present scientific management seems to be making the relatively unskilled more efficient than ever before, and they are in general receiving under it greater earnings than ever before. It is evident, however, that the native efficiency of the working class must suffer from the neglect of apprenticeship. Scientific managers have themselves complained bitterly of the poor material from which they must recruit their workers, compared with the efficient and self-respecting craftsman who applied for employment 20 years ago.

Moreover, it must not be overlooked that the whole scheme of scientific management, and especially the gathering up and systematizing of the knowledge formerly the possession of the workmen, tends enormously to add to the strength of capitalism. This fact, together with the greater ease of displacement shown above, must make the security and continuity of employment inherently more uncertain.

If generally increased efficiency is the result of scientific management, unemployment would in the end seem to become less of a menace. But during the period of transition its increase should be expected. Not only must the old craftsmen suffer as the result of the destruction of their crafts, but until scientific management finds itself able to control markets its increased efficiency must result in gluts in special lines, with resulting unemployment in particular trades and occupations. A leading scientific-management expert has stated that one shop of six in a certain industry systematized by him could turn out all the product that the market would carry. The result to the workers, if the statement be true, needs no explanation. Scientific management would seem to offer possibilities ultimately of better market control or better adaptation to market conditions, but the experience of the past year of depression indicates that at present no such possibilities generally exist.

Finally, until unionism as it exists has been done away with or has undergone essential modification, scientific management can not be said to make for the avoidance of strikes and the establishment of industrial peace. The investigation has shown several well-authenticated cases of strikes which have occurred in scientific-management shops. They are perhaps less frequent in this class of shop than elsewhere in similar establishments, owing largely to the fact that organized workmen are on the whole little employed. In its extension, however, it is certain that scientific management is a constant menace to industrial peace. So long as present-day unionism exists and unionists continue to believe, as they seem warranted in doing, that scientific management means the destruction of their organizations or their present rules and regulations, unionism will continue to oppose it energetically and whenever and wherever opportunity affords.

It has been said with much truth that scientific management is like the invention of machinery in its effect upon workers and social conditions and welfare generally—that it gives a new impulse to the industrial revolution which characterized the latter part of the eighteenth and nineteenth centuries and strengthens its general effects and tendencies. A chief characterization of this revolution has been the breakdown of craftsmanship, the destruction of crafts,

and the carrying of the modern industrial world toward an era of specialized workmanship and generally semiskilled or unskilled workmen. Scientific management seems to be another force urging us forward toward this era.

CONCLUSIONS.

7. Our industries should adopt all methods which replace inaccuracy with accurate knowledge and which systematically operate to eliminate economic waste. Scientific management at its best has succeeded in creating an organic whole of the several departments of an institution, establishing a coordination of their functions which has previously been impossible, and, in this respect, it has conferred great benefits on industry.

The social problem created by scientific management, however, does not lie in this field. As regards its social consequences neither organized nor unorganized labor finds in scientific management any adequate protection to its standards of living, any progressive means for industrial education, any opportunity for industrial democracy by which labor may create for itself a progressively efficient share in management. Therefore, as unorganized labor is totally unequipped to work for these human rights, it becomes doubly the duty of organized labor to work unceasingly and unswervingly for them, and, if necessary, to combat an industrial development which not only does not contain conditions favorable to their growth, but, in many respects, is hostile soil.

XIX. PRISON LABOR.

The evidence which has come before the commission is the basis for the following statements:

1. The practice of using convicts in penitentiaries and prisons generally for the manufacture of articles for general commerce has been productive of evil results as regards not only the convicts but the general public.

2. The competition of prison-made articles has resulted in the existence of a low wage scale in many industries and has subjected the manufacturers to a kind of competition which should not exist in any civilized community.

3. The only beneficiaries of the convict labor system are the contractors who are permitted by the State to exploit the inmates of prisons.

4. The individual States are powerless to deal adequately with this situation because of the interstate shipment of convict-made goods.

It is suggested that the commission recommend:

1. The abolition as far as possible of indoor manufacture, and the substitution of such outdoor work as that upon State farms and State roads, providing that where prisoners are employed they should be compensated and that the products which they manufacture should not be sold in competition with the products of free labor.

2. The enactment by Congress of a bill providing that all convict-made goods when transported into any State or Territory of the United States shall be subject to the operation of the laws of such

State or Territory to the same extent and in the same manner as though such goods had been produced therein.

XX. IMMIGRATION.

The evidence presented to the commission is the basis for the following statements:

1. The immigration policy of the United States has created a number of our most difficult and serious industrial problems and has been responsible in a considerable measure for the existing state of industrial unrest.

2. The enormous influx of immigrants during the past 25 years has already undermined the American standard of living for all workmen except those in the skilled trades, and has been the largest single factor in preventing the wage scale from rising as rapidly as food prices.

3. The great mass of non-English-speaking workers, who form about one-half of the labor force in the basic industries, has done much to prevent the development of better relations between employers and employees.

4. The presence of such a large proportion of immigrants has greatly hampered the formation of trade-unions and has tremendously increased the problem of securing effective and responsible organizations.

5. The unreasonable prejudice of almost every class of Americans toward the immigrants, who form such a large proportion of the labor force of our industries, has been largely responsible for the failure of our Nation to reach a correct understanding of the labor problem and has promoted the harshness and brutality which has so often been manifested in connection with industrial disturbances. It has been and to a large measure still is felt possible to dismiss the most revolting working conditions, the most brutal treatment, or the most criminal invasions of personal rights, by saying, "Oh, well, they are just ignorant foreigners."

6. If immigration had continued at the average rate of the past 10 years it would have proved almost, if not quite, impossible to have brought industrial conditions and relations to any proper basis, in spite of the most extreme efforts of civic organizations, trades-unions, and governmental machinery. The great diminution of immigration as a result of the European war has already begun to show its salutary effects.

It is suggested that the commission recommend:

1. The enactment of legislation providing for the restriction of immigration based upon the general provisions contained in the so-called Burnett-Dillingham bill, which has received the approval of two successive Congresses. With a full realization of the many theoretical objections which have been urged against the literacy test, the consensus of evidence is so strong that its practical workings would be to restrict immigration to those who are likely to make the most desirable citizens, to regulate immigration in some degree in proportion to the actual needs of American industry, and finally to promote education in Europe, that it seems necessary at least to urge that this plan be given a practical test.

2. The enactment of legislation providing that within six months from the time of entry all immigrants shall be required, under penalty of deportation, either to declare their intention to become citizens by taking out their first papers or to definitely register themselves with the proper authority as alien tourists, and further providing that all immigrants who have failed to take out their first papers at the end of two years shall be deported, as shall all who fail to take out their second papers when they become eligible, deportation in each case to act as a bar to future entry.

3. The provision by the States and municipalities, with the assistance of the Federal Government, if necessary, for the education of all adult persons who are unable to speak, read, or write the English language. In order to accomplish this it may be necessary to provide that employers shall grant certain definite periods of leisure for such instruction.

XXI. LABOR CONDITIONS IN AMERICAN COLONIAL POSSESSIONS.

The attention of the commission was directed to the labor conditions in American colonies by the strike of some 20,000 agricultural laborers in the island of Porto Rico, and by the appeal of the representatives of the Free Federation of Labor of Porto Rico for a hearing at which they might present their statement of the labor conditions, relations between laborers and employers, and the attitude assumed by the local Government during the strike. The commission granted the hearing and, in order that a full and fair presentation of the conditions should be made, invited the Government of Porto Rico to appoint representatives who were fully acquainted with the situation. As a result of the hearing of the testimony of these witnesses, a situation was found which demands immediate attention in order that widespread and deep-rooted evils should be eliminated. These conditions are in large measure an inheritance from centuries of despotic Spanish rule, and it is undeniable that great improvements in certain lines have been accomplished under American administration. Nevertheless, a peculiar responsibility rests upon the American Nation for the conditions of the people in our colonial possessions who occupy the position morally and legally of wards of the Nation.

The investigations were confined to the conditions in Porto Rico, but through the petitions filed with the commission by the inhabitants of other islands and through the information contained in reports of governmental officials, it seems certain that the labor conditions in all American colonies are generally similar to those in Porto Rico, and demand the attention of Congress.

As a result of the investigations and a careful analysis of the extensive documentary evidence filed, the following statements with regard to industrial and social conditions in Porto Rico are warranted:

1. Laborers in Porto Rico, including men, women, and children, are employed at wages which are inadequate to furnish proper food and clothing. The wages of men in agricultural districts range from 35 to 60 cents a day, when employed, and those of the women and children are about one-half this amount.

2. As a result largely of the low-wage standard, the diet of the laborers, consisting chiefly of rice, beans, codfish, and plantains, is so miserably inadequate that the worker not only is rendered inefficient but is to a large extent undernourished.

3. The laborers are further exploited on the large plantations, according to the testimony of the Government representatives, by exorbitant prices for food and other supplies, by deliberate cheating as regards weights and measures, and by unwarranted deductions from their wages for goods that were never purchased.

4. The educational facilities of Porto Rico are so totally inadequate that there are nearly 200,000 children for whose education no provision has been made.

The representatives of the colonial Government give a lack of ability to finance the educational system as the reason for the present conditions.

5. Many thousand people yearly, located in the rural districts, far from medical attendance and unable to afford the high charges of the physicians, die without medical attendance.

6. The labor laws of Porto Rico are inadequate, and the Bureau of Labor is not provided with sufficient funds to enforce the existing laws. The laws supposed to regulate the labor of women and children are generally violated. The provisions of the law restraining child labor are largely nullified by the insertion of a clause which permits this labor if the child is accompanied by a parent or other relative.

The employers' liability law of the island has the archaic fellow-servant clause in it and therefore is noneffective.

7. The great majority of the Porto Ricans are landless, the land of Porto Rico being largely owned by the corporations, wealthy landlords, and the colonial Government and municipalities. Very little land is for sale.

8. As a result, the land rents are inordinately high and tend very strongly to retard the development of a middle class.

9. The housing conditions of the workers are extremely bad. The majority of the rural workers live in huts which do not cost more than \$10 to build, and these huts are occupied, on an average, by five people each, although at best there are only semipartitions dividing the huts into two rooms. The existing conditions are a menace not only to health but to morality and every sense of decency.

10. The laborers may be ejected from the huts provided by the employers at any time that the owner sees fit, and, while they pay no rent, they must and do work for the owner at his pleasure.

11. In the cities the conditions are almost equally bad. The city laborers rent apartments or build little houses on rented land. As an illustration of this condition: There were, in 1912, 10,936 people in Puerto de Tierra. These people lived in 1,144 houses, and practically 98 per cent of them were renters, as the occupants of only 30 houses owned both house and land. The land of one owner, which was assessed at \$6,340, brought in a total rent of \$2,580, or 37.4 per cent. That of another, assessed at \$29,460, yielded \$7,821 in rent, or 23.9 per cent.

12. Unemployment is very prevalent in the island, and it has been testified that, largely as the result of stimulated immigration, there are between 200,000 and 300,000 more workers than jobs.

13. The immigrants from the English-speaking islands or from the mainland are given preference over the native Porto Ricans, who speak Spanish. This has resulted in much hardship to the natives.

14. The strike of agricultural laborers and other workers which began in January, 1915, was not only justified but was in the interests of the progress of the island. The long hours, low wages, and exploitation of the laborers could not have been relieved except by their organized action. This is in accord with the testimony of the Government representatives. •

15. These laborers, hitherto unorganized, excitable, and filled with a sense of the grievous wrongs which they and their families had suffered, were poorly disciplined and may have been guilty of excesses of speech and action, although there is much evidence to indicate that they were peaceful and law-abiding until provoked by the agents of the employers or by the police.

16. Whatever may have been the actions of the strikers, however, there can be no excuse for the actions of the police and municipal authorities, who violated the personal rights of the strikers, treated them in many cases with wanton brutality, resulting in the death of large numbers, held them in excessive bail, denied them access to the ordinary processes of the courts, and inflicted excessive and unwarranted punishments upon them.

17. The blame for such conditions appears to rest primarily upon the rural police and local magistrates.

18. The demands for legislation made by the representatives of the Free Federation of Labor of Porto Rico appear to be wise and reasonable, but without an opportunity for full local investigation it is impossible to fully indorse them.

It is suggested that the commission recommend provision by Congress for early and thorough investigation of the industrial and social conditions in Porto Rico and all other American colonies.

XXII. CHINESE EXCLUSION.

The investigations with reference to that section of the act which directed the commission to inquire "into the question of smuggling or other illegal entry of Asiatics into the United States or its insular possessions" were made largely under the direction of Mr. E. A. Fitzpatrick and Mr. E. H. Busiek. The extensive evidence collected regarding this entire question is contained in the report of Mr. Fitzpatrick, which is submitted herewith.

The constructive suggestions and recommendations which have been approved by the special subcommittee on Chinese exclusion, consisting of Chairman Frank P. Walsh and Commissioners Harris Weinstock and James O'Connell, and accepted by the entire commission, with reservations as to the agency of administration, are as follows:

CONSTRUCTIVE SUGGESTIONS.

CHANGES IN THE LAW.

The following changes should be made in the law in the interest of administrative efficiency:

1. That the many laws relating to the exclusion of Chinese be codified into a comprehensive statute.

2. That Chinese alleged to have entered the United States surreptitiously shall be tried by administrative process, i. e., on Secretary of Labor's warrant—in all cases irrespective of time of entry or defense of citizenship.¹ At the present time only Chinese alleged to have entered within three years may be tried on Secretary's warrant.

3. That immigration officers be specifically given the power of arrest or taking into custody.

4. That immigration officers be given the right to administer binding oaths in all cases arising under the immigration law.

5. That immigration officials be given the power to compel attendance of witnesses and the production of documentary or other evidence in all cases providing for punishment for contempt.

6. That the attacking of an immigration official or interference with him in the performance of his duties, or any maltreatment of him growing out of the performance of his duties, should be made a penal offense.

7. That the place of deportation to which contraband Chinamen shall be sent may be, in the discretion of the Secretary of Labor, the country whence he came, or the country of his citizenship, or the trans-Atlantic or trans-Pacific port from which he embarked for this continent.

8. That there be a clearer and more definite legislative definition of the exempt and of the admitted classes.

9. That there be a clearer definition of legislative policy as to the status under the immigration and Chinese-exclusion law of Chinamen admitted as exempts and subsequently assuming a nonexempt status.

10. That the pecuniary and family conditions for the return of Chinese laborers in the United States to China be repealed.

11. That the recommendation of a new registration because it is needed to enforce the present law be rejected. This must not be understood to mean a rejection of a new registration law as a part of legislative policy, but solely when it is urged for administrative reasons.

12. That masters of vessels be responsible for every Chinese member of their crew who was on board the vessel when it enters and is not on board when it is ready for clearance.

¹ *The anomalous citizenship situation.*—A Chinese person can not become a citizen by naturalization. The child of a Chinese alien man and woman, who themselves could never become citizens, would be, if born in the United States, an American citizen. The fact that the parents never intend that the child should be an American citizen, and the child itself even when grown up never regards himself as an American citizen except for purposes of the Chinese exclusion law, does not enter into the matter. The child of an American citizen born on foreign soil—China or elsewhere—is an American citizen.

Chinese arrested for being unlawfully in the United States set up the claim of nativity. This claim is in many cases fraudulent. The matter is easy. A Chinaman, when arrested, is told to stand mute, or, if the story has been concocted, he tells a story like this: "I was born in San Francisco [or in some rural place, where there are no records of birth]. My father and mother returned to China when I was four years old. I remained with my clansman, Mr. Y-M-G, who has since returned to China or died. For the past four years I have remained with my uncle, who was at the baptismal—shaving—feast, and can testify to these facts." Uncle testifies. United States commissioner discharges the Chinaman, and if nativity was the defense the citizenship of the Chinaman is res judicata. Thus are citizens made.

A rather dangerous situation is developing in this connection. In one large city of the country definite efforts are being made to vote the Chinaman and have his citizenship established that way. This of necessity brings the question into local politics and complicates further an already awkward situation. This situation ought to be cleared up. The fundamental change required is an amendment to the Constitution.

UNITED STATES COMMISSIONERS.

1. That the jurisdiction of United States commissioners in Chinese-exclusion cases be abolished, or, what is less desirable.¹

2. That the following changes in the system be made: United States commissioners should receive adequate compensation for the service rendered. United States commissioners should be made courts of record and stenographic and other expenses provided for. The Government should be given right of appeal in Chinese cases.

THE JUDICIAL SYSTEM.

1. That the handling of cases of contraband Chinamen should be handled by administrative rather than by judicial procedure.

2. That the present administrative procedure be continued practically without modification, except for the improved handling of appeals as recommended elsewhere in these suggestions.

3. That writs of habeas corpus should be issued only on the basis of a prima facie case.

4. That in criminal cases (smuggling) full sentences should be imposed instead of light sentences as at present.

5. That, if advisable, the cases of contraband Chinamen might be held under the board of special inquiry procedure provided for in cases of immigrants not passed upon primary inspection for admission. The adoption of this suggestion would necessitate the employment of a considerable number of additional men, and for this reason ought not to be adopted immediately.

GENERAL ADMINISTRATION.

1. Definitely withdraw the order of 1905.

2. By conference with Treasury Department provide for more careful sealing and supervision of sealed freight cars crossing the border—

(a) By placing seal number and place of each car on the manifest.

(b) By taking number and place of each seal of each car independently and testing seal.

(c) By comparing local record with manifest immediately.

(d) By examination of contents of each car where there is the least discrepancy or suspicion.

THE SELECTION OF INSPECTORS.

1. That the position of Chinese inspector be revived.

2. That the selection of Chinese inspectors by civil-service examination for general immigrant inspectors be continued.

3. That the present examination be changed in scope as follows:

(a) That all papers now required be omitted except "practical questions."

¹ All interests would be best served by an administrative rather than a judicial procedure in cases of contraband Chinese. As usual, writs of habeas corpus would be issued by the courts in case of arbitrary action or of jurisdiction in these cases.

(b) That greater credit—larger proportion of examination—be given for practical experience in handling the public.

(c) That new examination in report writing be given to include a practical test in condensation—material to relate to immigration, formulation of a report on a given statement of fact, letter writing.

(d) That the examination include a test on Canadian immigration laws.

(e) That it include a test of knowledge of our National Government, particularly of those departments that are related to the work of immigration—

Treasury Department.

Congress.

The judicial system.

Department of State.

(f) That, if possible, an oral examination be included.

(g) That the examination include somewhere questions on the relation of immigration and emigration to a national policy, on immigration as an internal policy, and a general history of immigration.

4. That the examination have specific reference in its questions to immigration work and not be mere general tests.

5. That Chinese inspectors be selected from the more experienced immigrant inspectors who show an inclination and ability in the special requirements of this end of the service.

6. That the probationary period of an immigrant inspector be one year.

CHINESE INTERPRETERS.

1. That in the selection of interpreters the present examination be continued except that, in testing ability to translate or interpret, actual cases be taken in course of routine work rather than the present moot examination.

2. That in securing candidates for positions as interpreters the Immigration Service should look to the large number of Chinese students in our universities, particularly those who are here at the expense of the United States Government (the Boxer indemnity money).

3. That the position of Chinese interpreter be graded into two grades at least, as follows:

(a) Those who can interpret the spoken Chinese of one or more dialects.

(b) Those who can in addition read the written language.

4. That the salary program outlined for inspectors be adapted to the interpreters.

5. That a conference be arranged by the various departments of Government who use interpreters of Chinese to work out some plan of securing honest, capable interpreters—perhaps in cooperation with the universities.

A STAFF ORGANIZATION AT WASHINGTON.

1. That there be established at Washington a staff organization including at least—

(a) Another Assistant Secretary of Labor to handle Chinese appeal cases, etc.

(b) A central law organization providing for the continuous study of the legal aspects of immigration.

(c) A central Chinese smuggling bureau, reenforcing district administration in its attempt to deal with smuggling gangs and other organized smuggling.

(d) A central agency of training and inspection, providing for the continuous supervision and training of the men in the service.

(e) A central clearing house of information and records.

2. That it be specifically made a function of the division of supervision and training to keep district officers informed as to—

(a) Significant court decisions in all districts.

(b) Significant discoveries of district offices, e. g., the Japanese (Korean) passport case.

(c) Effective methods of handling particular situations, e. g., of commissioner who refuses to give full credence to preliminary hearings before immigrant inspectors by bringing contraband Chinamen immediately before commissioner.

(d) Chinese refused papers in any place.

3. That this organization should keep field officers informed as to forward steps and other significant developments.

SALARY PLAN.

1. That the service be regarded for salary purposes as a unit rather than as 23 individual units.

2. That the administrative officers work out a detailed plan of graded salary increases.

3. That there be an annual increase in salary of a definite amount for a definite number of years of service upon certification of meritorious service during the preceding year. On the basis of an initial salary of \$1,380, it seems to us there ought to be an annual increase of at least \$36 per year for 15 years, making a maximum salary of \$1,920. The specific amounts named are offered as suggestions.

4. That positions in the service ought to be graded and correspondingly higher initial salaries provided for the higher grades. The system of annual increases, perhaps of the same amount, ought to be provided here. A larger increase for a less number of years might be advisable. It should be provided in this connection that a man promoted from a lower to a higher position, if he is receiving a higher salary than the initial salary of the higher position, should receive the next higher salary to the salary he is receiving in the lower position. A person standing in a little house watching those who come across an international bridge in Suspension Falls, another doing primary inspection work or board of inquiry work at Ellis Island, another working "under cover" among the thugs of Buffalo and being beaten into insensibility, another doing train inspection work—would receive no pay because of differences of duties. It is submitted that some recognition of this difference in duties ought to find expression in the salary schedule.

5. Superior service should be rewarded both by formal commendation and by salary increases. Two provisions might be included:

(a) The reward for a single brilliant piece of work, such as working under cover with smugglers, risking one's life, and landing the gang in jail.

(b) The provision of a higher annual increase for men giving continuous superior service.

REDISTRICTING.

1. That there be a redistricting of the United States for immigration purposes with more regard to geographical facts and to the efficiency of the service.

2. That district offices take a periodic census in cooperation with the State or National Census or both, or, if necessary, independent of each. (This would help local offices to really see their problems. It would acquaint them with their constituency.)

3. That this census be kept up to date and supplemented by cooperation with municipal and State boards of health and bureaus of vital statistics by recording currently—

(a) Chinese births.

(b) Chinese deaths.

(c) Chinese marriages.

4. That this census be kept up to date and supplemented by making part of the record all the examinations of Chinese in connection with routine and other investigations. A system of cross reference cards should be on file in Washington. It should be kept up to date and supplemented by listing removals and advising as far as possible the district to which the Chinaman moved.

5. That the force should be increased and the whole group of inspectors be organized for regular field work. This should take the place of any system of national arrest crews.

6. That the system of rewards of conductors, trainmen, and policemen who supply information leading to arrests of contraband Chinese or smugglers, which seems now in abeyance, be revived and be provided for in an emergency fund for each district. (Approval of Washington perhaps should be required in each case.)

7. That a business and occupation census of each district accompany the census of persons.

8. That the force of immigrant inspectors assigned to Chinese work be increased.

9. That the equipment to be used in the work of administering the Chinese exclusion law be adequate to cope with the smugglers.

FRANK P. WALSH.¹

JOHN B. LENNON.¹

JAMES O'CONNELL.¹

AUSTIN B. GARRETSON.¹

¹ See supplemental statement.

SUPPLEMENTAL STATEMENT OF CHAIRMAN FRANK P. WALSH.

Charged by your honorable body with an investigation to discover the underlying causes of dissatisfaction in the industrial situation, we herewith present the following findings and conclusions, and we urge for them the most earnest consideration, not only by the Congress, but by the people of the Nation, to the end that evils which threaten to defeat American ideals and to destroy the well-being of the Nation may be generally recognized and effectively attacked.

WE FIND THE BASIC CAUSE OF INDUSTRIAL DISSATISFACTION TO BE LOW WAGES; OR, STATED IN ANOTHER WAY, THE FACT THAT THE WORKERS OF THE NATION, THROUGH COMPULSORY AND OPPRESSIVE METHODS, LEGAL AND ILLEGAL, ARE DENIED THE FULL PRODUCT OF THEIR TOIL.

We further find that unrest among the workers in industry has grown to proportions that already menace the social good will and the peace of the Nation. Citizens numbering millions smart under a sense of injustice and of oppression, born of the conviction that the opportunity is denied them to acquire for themselves and their families that degree of economic well-being necessary for the enjoyment of those material and spiritual satisfactions which alone make life worth living.

Bitterness, bred of unfilled need for sufficient food, clothing, and shelter for themselves and their wives and children, has been further nourished in the hearts of these millions by resentment against the arbitrary power that enables the employer, under our present industrial system, to control not only the workman's opportunity to earn his bread, but oftentimes, through the exercise of this power, to dictate his social, political, and moral environment. By thwarting the human passion for liberty and the solicitude of the husband and father for his own, modern industry has kindled a spirit in these dissatisfied millions that lies deeper and springs from nobler impulses than physical need and human selfishness.

Among these millions and their leaders we have encountered a spirit religious in its fervor and in its willingness to sacrifice for a cause held sacred. And we earnestly submit that only in the light of this spirit can the aggressive propaganda of the discontented be understood and judged.

The extent and depth of industrial unrest can hardly be exaggerated. State and national conventions of labor organizations, numbering many thousands of members, have cheered the names of leaders imprisoned for participation in a campaign of violence, conducted as one phase of a conflict with organized employers. Thirty thousand workers in a single strike have followed the leadership of men who denounced government and called for relentless warfare on organized society. Employers from coast to coast have created and maintained small private armies of armed men and have used these forces to intimidate and suppress their striking employees by

deporting, imprisoning, assaulting, or killing their leaders. Elaborate spy systems are maintained to discover and forestall the movements of the enemy. The use of State troops in policing strikes has bred a bitter hostility to the militia system among members of labor organizations, and States have been unable to enlist wage earners for this second line of the Nation's defense. Courts, legislatures, and governors have been rightfully accused of serving employers to the defeat of justice, and, while counter charges come from employers and their agents, with almost negligible exceptions it is the wage earners who believe, assert, and prove that the very institutions of their country have been perverted by the power of the employer. Prison records for labor leaders have become badges of honor in the eyes of many of their people, and great mass meetings throughout the Nation cheer denunciations of courts and court decisions.

To the support of the militant and aggressive propaganda of organized labor has come, within recent years, a small but rapidly increasing host of ministers of the gospel, college professors, writers, journalists, and others of the professional classes, distinguished in many instances by exceptional talent which they devote to agitation, with no hope of material reward, and a devotion that can be explained only in the light of the fervid religious spirit which animates the organized industrial unrest.

We find the unrest here described to be but the latest manifestation of the age-long struggle of the race for freedom of opportunity for every individual to live his life to its highest ends. As the nobles of England wrung their independence from King John, and as the tradesmen of France broke through the ring of privilege inclosing the Three Estates, so to-day the millions who serve society in arduous labor on the highways, and aloft on scaffoldings, and by the sides of whirling machines, are demanding that they, too, and their children shall enjoy all of the blessings that justify and make beautiful this life.

The unrest of the wage earners has been augmented by recent changes and developments in industry. Chief of these are the rapid and universal introduction and extension of machinery of production, by which unskilled workers may be substituted for the skilled, and an equally rapid development of means of rapid transportation and communication, by which private capital has been enabled to organize in great corporations possessing enormous economic power. This tendency toward huge corporations and large factories has been furthered by the necessity of employing large sums of capital in order to purchase and install expensive machinery, the use of which is practicable only when production is conducted on a large scale. Work formerly done at home or in small neighborhood shops has been transferred to great factories where the individual worker becomes an impersonal element under the control of impersonal corporations, without voice in determining the conditions under which he works, and largely without interest in the success of the enterprise or the disposal of the product. Women in increasing numbers have followed their work from the home to the factory, and even children have been enlisted.

Now, more than ever, the profits of great industries under centralized control pour into the coffers of stockholders and directors who

never have so much as visited the plants, and who perform no service in return. And while vast inherited fortunes, representing zero in social service to the credit of their possessors, automatically treble and multiply in volume, two-thirds of those who toil from 8 to 12 hours a day receive less than enough to support themselves and their families in decency and comfort. From childhood to the grave they dwell in the shadow of a fear that their only resource—their opportunity to toil—will be taken from them, through accident, illness, the caprice of a foreman, or the fortunes of industry. The lives of their babies are snuffed out by bad air in cheap lodgings, and the lack of nourishment and care which they can not buy. Fathers and husbands die or are maimed in accidents, and their families receive a pittance, or succumb in mid-life and they receive nothing.

And when these unfortunates seek, by the only means within reach, to better their lot by organizing to lift themselves from helplessness to some measure of collective power, with which to wring living wages from their employers, they find too often arrayed against them not only the massed power of capital, but every arm of the Government that was created to enforce guaranties of equality and justice.

We find that many entire communities exist under the arbitrary economic control of corporation officials charged with the management of an industry or group of industries, and we find that in such communities political liberty does not exist, and its forms are hollow mockeries. Give to the employer power to discharge without cause, to grant to or withhold from thousands the opportunity to earn bread, and the liberties of such a community lie in the hollow of the employer's hand. Free speech, free assembly, and a free press may be denied, as they have been denied time and again, and the employer's agents may be placed in public office to do his bidding.

In larger communities where espionage becomes impossible the wage earner who is unsupported by a collective organization may enjoy freedom of expression outside the workshop, but there his freedom ends. And it is a freedom more apparent than real. For the house he lives in, the food he eats, the clothing he wears, the environment of his wife and children, and his own health and safety are in the hands of the employer, through the arbitrary power which he exercises in fixing his wages and working conditions.

The social responsibility for these unfortunate conditions may be fixed with reasonable certainty. The responsibility, and such blame as attaches thereto, can not be held to rest upon employers, since in the maintenance of the evils of low wages, long hours, and bad factory conditions, and in their attempts to gain control of economic and political advantages which would promote their interests, they have merely followed the natural bent of men involved in the struggle of competitive industry. The responsibility for the conditions which have been described above we declare rests primarily upon the workers who, blind to their collective strength and oftentimes deaf to the cries of their fellows, have suffered exploitation and the invasion of their most sacred rights without resistance. A large measure of responsibility must, however, attach to the great mass of citizens who, though not directly involved in the struggle

between capital and labor, have failed to realize that their own prosperity is dependent upon the welfare of all classes of the community, and that their rights are bound up with the rights of every other individual. But, until the workers themselves realize their responsibility and utilize to the full their collective power, no action, whether governmental or altruistic, can work any genuine and lasting improvement.

Fourteen years before Abraham Lincoln was called to the high office where he immortalized his name, he uttered these great truths:

Inasmuch as most good things are produced by labor, it follows that all such things of right belong to those whose labor has produced them. But it has so happened in all ages of the world that some have labored and others have without labor enjoyed a large proportion of the fruits. This is wrong and should not continue. To secure to each laborer the whole product of his labor, or as nearly as possible, is a worthy subject of any good Government.

With this lofty ideal for a goal, under the sublime leadership of the deathless Lincoln, we call upon our citizenship, regardless of politics or economic conditions, to use every means of agitation, all avenues of education, and every department and function of the Government, to eliminate the injustices exposed by this commission, to the end that each laborer may "secure the whole product of his labor."

FRANK P. WALSH.

NOTE.—Chairman Frank P. Walsh also presented the following dissenting opinion:

Although I have signed the report prepared by Mr. Basil M. Manly, director of research and investigation, because I believe it represents an unassailable statement of the existing industrial situation, because it fully complies with the requirements of the act of Congress creating the commission, and because the recommendations are as a whole wise and necessary for the welfare of the Nation, I, nevertheless, desire to record my dissent on the following points:

1. The recommendation for new administrative machinery for mediation and arbitration in the form of a special commission. I believe that the commission created by the Newlands Act, and the Department of Labor, if their powers are enlarged and they are adequately supported, will be fully able to deal with the situation.

2. The recommendations for a literacy test as a method of restricting immigration. I wish to record my opposition, as a matter of principle, to all restrictions upon immigration.

3. The recommendations regarding civil government in such isolated communities as coal camps, which I believe can not be adequately dealt with except by the Government taking over all coal lands and leasing them upon terms which will make possible their operation upon a cooperative basis by the workers.

Notwithstanding many meritorious statements contained in the report of Commissioners John R. Commons and Florence J. Harri-man, I feel it my duty to dissent from the same in toto, for the reasons following:

1. It wholly fails to comply with the law creating the commission, in that it does not set forth the facts regarding the condition of labor in the leading industries of the United States and the underlying causes of industrial dissatisfaction.

2. The whole scheme of the control of labor, and the laws governing the same, is undemocratic and not in accord with the established principles of representative government.

3. The entire plan suggested is opposed to the habits, customs, and traditions of the American people.

4. The suggestions in the main are impractical and impossible of performance.

5. It opens up unlimited opportunities for graft and corruption.

6. If the ponderous legal machinery provided for in this report could be put in operation throughout our Nation, it would mean—
(a) that the economic condition of the workers of the country would be absolutely subjected to the whim or caprice of an army of officials, deputies, and Government employees, and (b) the establishment of an autocratic control over the business operations of manufacturers, merchants, and other employers, repugnant to American standards of freedom in manufacture and commerce.

**SUPPLEMENTAL STATEMENT OF COMMISSIONER AUSTIN B.
GARRETSON.**

My signature is appended to the report of Mr. Basil M. Manly, director of research and investigation of the United States Commission on Industrial Relations, submitted to the commission and transmitted herewith, as to the findings of fact contained therein.

I am in general agreement with the recommendations contained in that report except as to the formation of the system of State and Federal commissions and a Federal industrial council.

On this recommendation I neither approve nor condemn. But out of regard for the opinion of the great body of intrastate labor most directly affected, I dissent.

I am also in accord with the statement of fact contained in the report of George P. West on the Colorado situation.

I am favorable to the extension of the provisions of the Newlands Act to all classes of interstate employees who can constitutionally be brought under its provisions and would favor the enlargement of the body administering it to meet the added responsibilities which would thereby be placed upon it, but limiting the powers thereof to the settlement of industrial disagreements and to the gathering of information germane to their mission.

I favor the creation of State commissions, similarly constituted and acting in correlation and understanding with the Federal board.

I heartily concur with the report of Commissioners Lennon and O'Connell except on those points where disagreement is herein noted. I dissent in whole from report rendered by Commissioner J. R. Commons. I render individual opinion and suggestion only on—

CAUSES UNDERLYING INDUSTRIAL UNREST.

Any student who accepts and applies the belief that the "proper study of mankind is man" can not fail to trace certain fundamental causes, general in their character, which underlie industrial unrest which will continue to grow until either the causes are peacefully removed or revolution ensues.

To me there appear to be four of these basic causes.

The first lies in the inequitable distribution of the fruits of industry.

Our industrial system makes it possible for one man, in only a portion of the span of human productive life, to take unto himself and claim as his own a fortune of a hundred million dollars or more, while millions of deserving men, availing themselves of every opportunity for unremitting toil, are only able to secure a grave in the potters' field or else burden their families with an installment debt for the cost of interment.

The creation of such colossal fortune naturally breeds in the mind of the possessor the sentiment, belief, and practice that he is superior to society and not subject to the law. The possession thereof makes him unregardful of the opinions of society or of the mandates of the law, incites him to disregard and hold himself independent of the moral precepts and beliefs of society and tends toward the effort to prostitute the administration of justice, and under the present system renders him practically immune from the penalties prescribed by the law.

The transmission to heirs or trustees, degenerate or otherwise, of fortunes so vast or of business interests so far-reaching makes them the virtual arbiters of the destiny of hundreds of thousands of their fellow beings in regard to whom they have neither sympathetic feeling, intelligent interest, nor humanitarian desire, and the testimony before this commission has made it evident that in some instances these heirs or representatives even resent the imputation that any obligation whatever can rest upon them for the welfare of the said fellow beings or that even intelligent knowledge as to what would constitute well-being should be required of them.

Second, the methods of the formation and administration of law would in themselves justify undying, righteous unrest from the fact that they create, encourage, and demonstrate knowledge and belief that there is no equality before the law as between the man who has and the man who has not.

Primarily there is the trend through legislation to exalt the property right at the expense of the personal right. Next, the tendency of a great majority of our courts to extend and amplify this trend. This appears in the declaring unconstitutional of a great portion of the legislation that in later years is appearing if it in any way restricts the rights of property, while at the same time any legislative act which tends to make effective the constitutional, personal right of the individual is nullified upon the same ground.

In other words, to exalt money above man.

The tendency also of a large number of the same tribunals is to legalize the maintenance of armed forces, either by the corporation or the large individual employer, and the virtual levying of war through the use of the State militia as a private guard for property interests, or as an economic weapon for the purpose of prejudicing the interests of the worker, is abetted and approved, while at the same time rigorously prosecuting and punishing the individual for taking any similar action, individually or collectively, in defense of his person or his family.

Thus the man who uses a deadly weapon to protect himself or his home against the aggression of hired thugs has set in motion against him the whole machinery of the State, while the corporation which enlisted, equipped, and paid a private armed force, formed and used not for the maintenance of peace or the protection of property but solely as an economic weapon, is lauded as a conservator of peace, law, and order.

Our laws deal strictly and effectively with those who contribute to the delinquency of an individual, but the hirelings of a corporation may debauch a State for their own economic gain and receive only laudation from those who "sit in the seats of the mighty."

The man who, on account of hunger of himself or family, steals a loaf is held up to public view as a "horrible example" of the increase of crime and decadence of the moral sense, while he who exploits the public or by dishonest or fraudulent representation or manipulation secures millions of their money is by the same agencies held up to the youth of the land as an example of what intelligent effort and devotion to business may accomplish.

The system of wholesale arrests during industrial disturbances for acts which, committed under ordinary conditions and when no industrial disturbances prevailed, would not constitute ground for arrest, is one of the significant indications of the use of governmental agencies, not as a preserver of peace but as a purely economic weapon.

The intrusion of what has been aptly described as "invisible government" into all the channels of life—the educational system, primary, secondary, and higher, the church, the press, the legislative branch, and the judicial system—and the recognized potency of its meretricious efforts contributes its elements to the whole.

Third, irregularity of employment, with the consequent restriction of opportunity and with its consequent extension of belief that unremitting toil under present conditions can bring no fair recompense, thus stifling healthy incentive to labor, is creating an army of unemployed that must, in the last analysis, be reckoned with, and unless remedy is found whereby incentive may be restored and recompense be made apparent, society itself must pay the forfeit.

Fourth, land monopoly with resulting prohibitive price, the greatest influence in creating congestion in the cities, bears its own share of the responsibility for unrest.

Tracing the history of every vanished civilization makes apparent the fact that in every instance decadence was preceded by urban congestion and by immense land holdings by the aristocrat or the capitalist.

As to the remedy for these evils, an income and inheritance tax that would be, above a certain figure, absolutely confiscatory would make impossible, first, the creation, and, second, the transmission of the dominating accumulation of wealth in the hands of any individual, group, or family. When the unlimited power of reward or purchase had ceased to exist, the subconscious tendency of legislatures and of those who interpret and administer the law to be subservient to property interests would of necessity disappear.

It is worth consideration as to whether or not a limitation can properly be set upon profit in a business enterprise.

Every code, ancient and modern, prescribes penalties for usury, and modern codes define the rate of interest permitted. Therefore, if a man loans money, he can only demand what is described as the legal rate for the use thereof.

Is it, or is not, equally consistent for the Government to prescribe a rate beyond which profit shall not extend?

In the question of dealing with land, should not the same doctrine be applied to land that in the arid States is applied to water, i. e., that no more land can be held by an individual than he can put to productive "use," thus making unused land revert to the State and acquirable by those who would utilize it?

A. B. GARRETSON.

**SUPPLEMENTAL STATEMENT OF COMMISSIONERS JOHN B.
LENNON AND JAMES O'CONNELL.**

Our signatures are appended to the report of Mr. Basil M. Manly, director of research and investigation of the United States Commission on Industrial Relations, submitted to the commission at its session held in Chicago during the months of July and August, 1915, except that portion of the report recommending a system of mediation, conciliation, investigation, and arbitration, applicable to both State and Nation, which proposes to create a commission of three members, together with an advisory council of 20 members, 10 representing employers and 10 representing employees. The entire plan is set forth in the report of the staff as submitted to the Commission on Industrial Relations; also in a report to the commission by Prof. George E. Barnett, and also in the report of Commissioner John R. Commons. From these recommendations we dissent for reasons assigned in this statement.

The evidence submitted to the commission at public hearings, together with the evidence secured by special investigators, has been fairly set forth in Mr. Manly's report and with even justice to all, whether employers, employees, or the public.

CRITICISMS NOT JUSTIFIED.

Our fellow commissioners who are representatives of the employers contend in their statement that the report of Mr. Basil M. Manly for the staff is deficient in that it does not properly present an indictment against labor on the grounds of fostering and promoting violence in trade disputes, jurisdictional disputes accompanied by strikes, limitation of output, sympathetic strikes, contract breaking, apprenticeship rules, refusal to use nonunion materials, alleged graft, and so forth, and that it does not include these things among the fundamental causes of industrial unrest. All the evidence submitted to the commission, as we understand and interpret it, proves that these things, in so far as they do exist, are in no sense causes of industrial unrest but, on the contrary, are evidences of existing industrial unrest and are evils that are incidental to a situation wherein labor has at times been forced to fight with such weapons as it could command for advantages and rights that in justice should be freely accorded to the wage earners. So long as labor organizations are forced by employers to fight for the mere right to exist, and so long as wages paid to labor are so low that the unorganized wage earner often sees no choice except that between resorting to such weapons or seeing himself and his family sink below the poverty line, just so long will these evils at times manifest themselves as symptoms of the worker's desperation. The union, fighting for its right to live, is sometimes forced to tolerate

acts that would not be countenanced if its entity were secure and its energies were not absorbed in fighting for existence.

STRONG ORGANIZATIONS THE CURE.

Experience shows that the evils complained of rapidly disappear in labor organizations as soon as the organization prevails over the opposition of the employers and establishes its right to organize. Strong unions mean decent wages, and decent wages raise wage earners to a plane of thought and action where all their acts and mental processes must no longer be directed toward a desperate struggle for the very right of themselves and families to live.

Organized labor fully realizes how unfortunate it is that labor in its struggle for existence has occasionally been driven to consider its immediate advantage at the expense of the true economic principles that must govern in the long run. All the energies of organized labor's representatives have been exerted to minimize or eliminate any tendency toward limitation of output or jurisdictional disputes, but, at the same time, organized labor insists that these tendencies where they exist are the logical and inevitable outgrowth of evils in industry that can be removed only by trade-union action by the wage earners. We could cite evidence at great length to show that the tendencies complained of, so far as they exist at all, have grown out of the hard necessities with which labor has been confronted. It is enough here to quote briefly from the testimony of the distinguished economist, Prof. Jacob H. Hollander, of Johns Hopkins University, given before this commission in New York City on January 20, 1915. Prof. Hollander in discussing the limitation of output said:

We lose sight of the fact that trade-unions and unionists are not soldiering in the matter, but they are animated by a very high degree of fraternity in the matter, that they are willing to adopt the same principle if it is a matter of piecework instead of time work; that the endeavor of society should be to bring back industrial conditions from that unwholesome mess into which they have slumped from this abnormal disproportionate allotment of workers to particular fields in excess of the requirements in those fields. We must without deviating one iota from the proposition which you have stated that it is socially unsound that workmen should do less than they properly could—society should seek to bring about conditions where they will do what they can without involving displacement and unemployment on the part of their fellow workmen.

We hold that the report of Mr. Manly contains no statement that is unworthy of credence, and that will not bear careful investigation. The conclusions and recommendations are warranted by the statement of facts and the accumulated evidence in the hands of the commission.

THE EVIDENCE.

All evidence accumulated, whether by special investigators or at public hearings, will be submitted to Congress, and we trust the people of our country will demand that it be published in full, particularly the following, which are well worth the most careful study by all persons interested in human welfare. The reports cited below have been prepared by competent investigators and were submitted to the commission after careful investigation and verification by

Director Basil M. Manly and by members of the commission, and are the latest information upon the various subjects covered by them.¹

Evidence Taken at All Public Hearings.

Causes of Industrial Unrest, by Mr. W. J. Lauck.

Violence in Labor Disputes, by Mr. Luke Grant.

Structural Iron Workers, by Mr. Luke Grant.

Sickness Prevention and Insurance, by Dr. B. S. Warren.

Mediation, Arbitration, and Investigation, by Prof. Geo. E. Barnett.

Conditions of Labor in Principal Industries, by Mr. Edgar Sydenstricker.

Efficiency Systems in Industry, by Prof. Robert F. Hoxie, Mr. John P. Frey, and Mr. Robert G. Valentine.

Industrial Education, by Commissioner John B. Lennon.

Labor Complaints and Claims, by Mr. P. A. Speak.

Trade-Union Law, by Mr. J. W. Bryan.

Colorado Situation, by Mr. George P. West.

The Telephone and Telegraph Industry, by Mr. Christopher T. Chenery.

Labor Conditions in Porto Rico, by Mr. Christopher T. Chenery.

Labor Conditions in the Black Hills, by Mr. William P. Harvey.

Labor Conditions in Los Angeles, by Mr. William P. Harvey.

Preliminary Report on the Land Question, by Mr. Charles W. Holman.

Agricultural Labor and Tenancy, by Mr. John L. Coulter.

Unemployment, by Mr. William M. Leiserson.

Extent and Growth of Labor Organizations, by Mr. Lee Wolman.

Injunctions in Labor Disputes, by Mr. Edwin E. Witte.

The Inferior Courts and Police of Paterson, N. J., by Mr. Redmond S. Brennan and Mr. Patrick F. Gill.

Chinese Exclusion, by Mr. Edward A. Fitzpatrick.

EXTENT OF UNREST.

The principal duty imposed, under the law creating the commission, was to seek to ascertain the causes of industrial unrest and offer such recommendations as we believe might alleviate that unrest. There can be no question but that unrest exists, in some instances, to an alarming extent. Thousands and tens of thousands of our people feel that they are deprived, under existing conditions in industry, of an opportunity to secure for themselves and their families a standard of living commensurate with the best ideals of manhood, womanhood, and childhood. They resent the fact that the existing system of the distribution of wealth creates at one end of our industrial scale a few multi-millionaires and at the other end thousands and tens of thousands of men, women, and children who are at all times in a situation where they are uncertain as to where their next meal will come from. Hungry, poorly clothed, and without the opportunities that a fully rounded life requires, they become filled with a sullen resentment that bodes no good for the future of our Republic.

We have found men and women who are inclined to ascribe this condition to the fact that the Government exercises no power of mandatory character to prevent strikes and lockouts. Many have

¹ These reports have not been printed with this document, on the recommendation of Chairman Frank P. Walsh, as stated in his letter in Senate Report No. 143, Sixty-fourth Congress. The reports on Structural Iron Workers and the Colorado Situation were printed by the commission itself in 1915.

been the propositions submitted to us for compulsory arbitration or, at least, compulsory investigation with power to recommend a settlement. Some have proposed an elaborate machinery, to be set up by the General Government, and of a similar character by the States, providing for conciliation, mediation, arbitration, and investigation, all of which, while without definite compulsory features, establishes a legal machinery that must of necessity exercise an influence in that direction.

The plan for the creation of an industrial commission, both national and State, proposes to assign to a commission of three members the administration of all labor laws of either State or Nation, giving to them powers far in excess of those exercised by the President of the United States or the governor of any State. This we believe to be bureaucracy run mad, and a subversion of democracy dangerous to the civil and social liberty of all citizens. We hold that all power should be, in the final analysis, with the people, and we, therefore, dissent from any such plan.

NEW GOVERNMENTAL MACHINERY UNWISE.

The activities of such a commission, supplemented by the proposed advisory committees of employers and labor representatives, would be so balanced as to prevent substantial progress and tend to perpetuate present conditions. Such a plan conceives of labor and capital as static forces and of the relations between them as always to remain unchanging.

We believe that the work now being done by the Department of Labor in industry generally, and by the Board of Mediation and Conciliation, dealing with interstate public utilities, is better than any that could be expected of any additional board that has been suggested to this commission. We believe that the Department of Labor, with further experience and larger appropriations, will develop a high state of efficiency in adjusting labor disputes that are capable of being adjusted by anyone other than the parties directly interested and will adequately carry on the work provided by the law creating the Department of Labor, to wit:

SECTION 1. The purpose of the Department of Labor shall be to foster, promote, and develop the welfare of the wage earners in the United States, to improve their working conditions, and to advance their opportunities for profitable employment.

SEC. 8. The Secretary of Labor shall have power to act as mediator and to appoint commissioners of conciliation in labor disputes whenever in his judgment the interests of industrial peace require it to be done.

We favor the extension of the Newlands Act to cover all employees engaged in interstate commerce, such as the railroad telegraphers, the shop and track men employed by railroads, the employees of express companies, of the Pullman Co., of commercial telegraph and telephone companies, and other public utilities performing interstate service that, in the interest of the Nation, must be continuous.

The evidence submitted to this commission is substantially to the effect that where trade-union organization exists among the workers, there, at the same time, exists the least amount of industrial unrest of a character that is dangerous to the peace and welfare of our Nation. It is true that the union men and women are not satisfied with their conditions; they are not, however, despondent as to the

possibility of securing better conditions; they know what the unions have accomplished, and they have an abiding faith that their further desires can be attained.

Instead of any elaborate machinery for the prevention of strikes or lockouts we are convinced, from the testimony gathered by this commission, that the most effectual course that can be pursued to bring about general contentment among our people, based upon a humane standard of living, is the promotion of labor organization. The most casual investigator will soon discover that in those lines of industry where organization of labor is the strongest, there is the least danger of industrial revolt that would endanger the fundamental principles of our Government and the maintenance of a nation with respect for law and order. Where organization is lacking dangerous discontent is found on every hand; low wages and long hours prevail; exploitation in every direction is practiced; the people become sullen, have no regard for law or government, and are, in reality, a latent volcano, as dangerous to society as are the volcanoes of nature to the landscape surrounding them.

THE ONE TRUE REMEDY.

We therefore urge as the great remedy for such unnecessary industrial unrest as we have found more, and more, and still more organization of labor and of the employers in each industry as well. The education of the trade unions has been conducive to a higher and better citizenship. In recent years there have come to our assistance scores and hundreds and thousands of people outside the ranks of unionists—ministers, professors, journalists, professional men of all kinds—who have reached the conclusion that is herein stated, that the most efficient cure for such industrial unrest as should be cured, is union organization.

We hold that efforts to stay the organization of labor or to restrict the right of employees to organize should not be tolerated, but that the opposite policy should prevail, and the organization of the trade unions and of the employers' organizations should be promoted, not, however, for the sole purpose of fighting each other, but for the commendable purpose of collective bargaining and the establishing of industrial good will. Organizations of employers that have no object in view except to prevent labor having a voice in fixing the conditions of industry under which it is employed have no excuse for existence, as they are a bar to social tranquillity and a detriment to the economic progress of our country. The evidence before the commission shows that organized labor has no desire, nor has it attempted, to control the business of the employer. It insists that it has a right to a voice, and a potent voice, in determining the conditions under which it shall work. This attitude, we are sure, will be continued in spite of the opposition of any so-called employers' organizations. This country is no longer a field for slavery, and where men and women are compelled, in order that they may live, to work under conditions in determining which they have no voice, they are not far removed from a condition existing under feudalism or slavery.

In emphasizing with all the force at our command the necessity of collective action by wage earners through strong organizations, if

the problem of industrial unrest is to be solved, we wish again to quote from testimony of Prof. Hollander. He undertook to sum up for this commission those conclusions regarding the solution of this problem that have been reached not only by himself, but by the great body of economists in this country and abroad. He said:

The opinion of political economists in so far as I can voice it is that social unrest, which is manifest not only in this country but in every industrial country, is due to the existence of economic want or poverty, if by that we understand not on the one hand pauperism or on the other economic inequality. By poverty I mean the existence of large areas of industrial society in receipt of incomes less than enough to maintain themselves and those dependent upon them in decent existence. We believe that is the consequence, not of any absolute dearth—that the world produces enough to go around; that it is, therefore, not a question of insufficient production, but of defects in distribution. * * * There is a view among economists that there is nothing in any current theory of wages that precludes the laborer from obtaining a sufficient wage, and that if he fails it must be in consequence of the fact that he enters into the wage contract on a plane of inequality. The wage contract, in short, is the result of a bargain between the employer and the employee, and if the employer is in a superior competitive position by reason of combination and the laborer is unorganized he is at a bargaining disadvantage which is certain to redound to his hurt.

I think political economists accordingly then are in agreement that trade unionism is essential as a means of bringing the workmen into industrial bargaining on a plane of equality.

* * * * *

You have asked specifically what the remedy [for poverty] is. It means a very decided revulsion of opinion as to trade unionism. The general attitude among employers of labor is often open and decided opposition to organized labor. Until society recognizes the unwisdom of that attitude and demands that the laborer must enter into his wage bargain on a plane of competitive equality, society has not lifted its finger to remedy that evil.

THE PUBLIC'S DUTY.

We submit the report of Mr. Basil M. Manly as our report, asking for it the fullest possible consideration by the men and women of our country who are interested in the social and moral uplift of humanity.

Labor must work out its own salvation. Wageworkers can attain that degree of well-being to which they are entitled only by their own efforts. The general public can not be expected to do for them what they fail to do for themselves, nor would it be desirable that those rights and benefits to which they are entitled should be handed down to them by the Government or by organized society as grace from above. But the general public is vitally interested in the efforts of wageworkers to win for themselves equal justice and such a degree of material well-being as will enable them to maintain themselves and their families in comfort, security, and health. Society's interest in the triumph of labor's cause should spring not only from the love of justice and the human sympathy that animates every good citizen,

but from a realization that industrial and social evils menacing large groups of the population can not continue without eventually bringing disaster to society as a whole. While inviting the aid of every good citizen, we, as representatives of organized labor, urge that this aid be directed not solely to seeking new legislation or new governmental machinery designed as a cure-all, but to giving moral support to labor's own efforts, and insisting that trade unions be fostered and encouraged as the most effective agencies making for the wage-workers' progress.

We concur in, and adopt as a part of our report, the statement under the heading "Supplemental statement of Chairman Frank P. Walsh."

We concur in the dissenting opinion of Chairman Frank P. Walsh from the report of Commissioners John R. Commons and Florence J. Harriman.

We concur in that part of the report of Commissioner Austin B. Garretson under the heading "Causes underlying industrial unrest."

We concur in the history and statement of facts regarding the Colorado strike, as written by Mr. George P. West, which is printed as an addendum to this report.¹

JOHN B. LENNON.
JAMES O'CONNELL.

¹The report by Mr. George P. West has not been printed with this document, on the recommendation of Chairman Frank P. Walsh, as it was printed by the commission itself in 1915. See his letter in Senate Report No. 143, Sixty-fourth Congress.

II.

Report of Commissioners John R. Commons and Florence J. Harriman

SIGNED BY

Commissioners Commons, Harriman, Weinstock,
Ballard, and Aishton

TOGETHER WITH

The Dissenting Opinion of Commissioner Weinstock, the Report of
Commissioners Weinstock, Ballard, and Aishton, and the
Supplemental Statement of Commissioner Ballard

**REPORT OF COMMISSIONERS JOHN R. COMMONS AND FLORENCE
J. HARRIMAN.**

**ENACTMENT, INTERPRETATION, AND ENFORCEMENT OF LABOR
LAW.**

We can not find ourselves able to agree to any of the findings or recommendations of the staff or any resolutions based upon them, because they have not the criticism of employers, employees, and others affected by them, which we consider indispensable in order that we might have before us assurance that they were accurate and not chargeable with important omissions. These reasons are stated more fully in paragraph 4 following, and are equally appropriate for those who refuse to sign this report. We find ourselves unable to agree with other recommendations and resolutions for legislation, because they contain few or no practicable suggestions for legislation that would be enforceable, or because they are directed to making a few individuals scapegoats, where what is needed is serious attention to the system that produces the demand for scapegoats, and with it the breakdown of labor legislation in this country. In this way we interpret the act of Congress which requires us to inquire "into the scope, methods, and resources of existing bureaus of labor and into possible ways of increasing their usefulness." From our personal experience we agree with many of the alleged findings and with the objects intended to be accomplished by the enactment of proposed laws, but we consider that it is not worth while to propose any more laws until we have provided methods of investigation, legislation, and administration which can make laws enforceable. A law is really a law only to the extent that it is enforced, and our statute books are encumbered by laws that are conflicting, ambiguous, and unenforceable, or partly enforced. Here is probably the greatest cause of industrial unrest, for as soon as people lose confidence in the making of laws by the legislature, in their interpretation by the courts, and in their administration by officials, they take the law into their own hands. This is now being done by both employers and employees. Before recommending any additional much-needed laws affecting wages, hours, child and woman labor, unemployment, or other substantive laws to improve industrial conditions, we must call attention to the widespread breakdown of existing laws and must devise methods of revising them and enacting and enforcing new laws so that they will fit actual conditions and be enforceable and enforced. With the widespread demand for more laws to remedy widespread and well-recognized causes of industrial unrest, there is a curious feeling that, if only more laws are placed on the statute books, they will, in some unexplained way, get themselves enforced.

While recognizing the justice of much of this demand for new laws, we are not placing them first in our report, but rather the methods of investigating conditions, of enacting legislation, of judicial interpretation, and administrative enforcement necessary to make them worth while as a real remedy.

Other industrial nations have gone far ahead of the United States in adopting labor legislation, much of which is also needed here; but their laws are drawn up so as to be enforceable, and their machinery of enforcement is such that the people are willing to entrust new laws to their officials for enforcement. Our Government is different from theirs and requires different methods, but, if our methods and officials can not be made as effective and trustworthy as theirs, then we can not trust more laws than we now have to their hands.

One of the most important facts to be recognized is that governments, whether State or Federal, can not be looked to alone for remedying evil conditions. As soon as people come to look upon the coercive power of government as the only means of remedying abuses, then the struggle for control of government is substituted for the private initiative through private associations, from which the real substantial improvements must come. We must look for the greatest improvement to come through the cooperation with government of the many voluntary organizations that have sprung up to promote their own private interests. The most important ones, for our purposes, are employers' associations, labor unions, and farmers' organizations. These are directly affected by most labor legislation, and they have much more powerful influence than have unorganized interests upon legislatures and administrative officials.

Furthermore, the struggle between capital and labor must be looked upon, so far as we can now see, as a permanent struggle no matter what legislation is adopted. If this is not recognized, proposed remedies will miss the actual facts. But there are certain points where the interests of capital and labor are harmonious or can be made more harmonious. In fact, this field where there is no real conflict between employers and employees is much wider than at first might be imagined. By recognizing these two facts of permanent opposition and progressive cooperation, it may be possible to devise methods of legislation, court interpretation, and administration which will reduce antagonism and promote cooperation. For, while we can not look to government alone for remedying abuses, it is only by legislation that we can give voluntary organizations a greater share in working out their own remedies and in cooperating with government toward increasing the points of harmony.

Some progress has been made in this direction in the past few years in some States, through the enactment of laws creating industrial commissions, but none of these laws go to the full extent required in order to carry out the foregoing principles. By observing the strong and weak points of these laws, as well as those of other States and the Federal Government which have not adopted similar laws, we can draw certain conclusions, which we do in the form of recommendations. A draft of a bill embodying most of these recommendations was submitted to the legislatures of Colorado and New York during the legislative sessions of 1915 and was adopted with more or less serious modifications and additions by those legislatures. The

recommendations below contain most of the terms of the foregoing draft and also of improvements which seem essential to be made in the industrial commission laws of the States and of proposed laws for State or Federal Governments. Some of the recommendations are based on personal experience in the administration of labor laws.

INDUSTRIAL COMMISSIONS.

1. State and Federal industrial commissions to be created for the administration of all labor laws. All bureaus or divisions dealing with conditions of labor, including industrial safety and sanitation, workmen's compensation, employment offices, child labor, industrial education, statistics, immigration, and so on, to be placed under the direction of the commission. Each commission to consist of three commissioners to be appointed by the governor or President, as the case may be, with the consent of the Senate. Members to be appointed with the advice of the advisory representative council. (See par. 2.) The term of each commissioner to be six years, except that the terms of the commissioners first appointed shall be so arranged that no two shall expire at the same time. The Federal Department of Labor to be retained for educational and political purposes, and a similar department might be created in large industrial States, such as New York and Pennsylvania.

The tendency of labor legislation in the States which have given attention to this matter has been toward a complete centralization of the administration of the labor laws in the hands of a single department. Wisconsin in 1911 established an industrial commission for the administration of all labor laws, and Ohio, after one year of separate administration of the compensation law, created in 1913 a similar commission, and incorporated the compensation commission into an industrial commission. In New York and Pennsylvania the responsibility for the administration of labor laws has been divided between a commissioner of labor, who is responsible for their enforcement, and an industrial board of five members, the sole duty of which is to make necessary rules and regulations having the force of law. In New York there has also been a separate commission for the administration of the compensation act. The tendency, however, is strongly toward the industrial commission plan, as the New York plan, which was devised at the time of the reorganization of the labor department of that State in 1913 and adopted in the same year by Pennsylvania in an act largely copied from the New York law, has already (1915) been given up in the State of its origin. The New York commission under the law of 1915 consists of five members, and is charged with the administration of all labor laws and the workmen's compensation law, and also with the duty of making the rules and regulations for carrying these laws into effect. In Pennsylvania a compensation act has this year (1915) been enacted, and, while no change has been made in the organization of the labor department, the administration of the compensation act has been intrusted to that department.

During the present year (1915) at least five States have enacted legislation for a closer union of the administration of their labor and compensation laws. Colorado, with serious modifications, and Indiana have enacted laws creating industrial commissions similar to

those of Wisconsin and Ohio. Nevada has created an industrial commission of three members for the administration of its compensation act and has conferred upon one of the commissioners, to be designated as commissioner of labor, the duty of enforcing all laws of the State for the protection of the working classes. In New Jersey, after an unsuccessful attempt to create an industrial commission, provision has been made for two additional employees in the department of labor for the purpose of correlating the work of that department with the administration of the compensation act.

In California the industrial accident commission administers the compensation act and also laws dealing with safety in places of employment, although the labor bureau also has the latter authority; and in Massachusetts, while there are still separate boards in charge of the labor department and of the administration of the compensation law, the two boards sit jointly for the purpose of making rules and regulations for the prevention of industrial accidents and occupational diseases.

In several States bills have been introduced for the creation of an industrial commission for the administration of all such laws. In New Jersey such a bill was introduced by the president of the State Federation of Labor, who is also a member of the assembly, and in Maryland such a bill was prepared and introduced at the instance of the State labor department. In Illinois the report of the efficiency and economy committee recommended the consolidation of the various departments dealing with labor laws, including the board administering the compensation act, and in Missouri a legislative committee, after a careful study of the subject, reported in December, 1914, in favor of the enactment of a compensation law and the creation of an industrial commission to administer both it and the other labor laws of the State. This latter report is particularly important, because it represents the result of a recent official study of the problem and consideration of the experience of the States which have advanced labor laws.

As already explained, the fundamental principle of these recommendations is that the administration of all the labor laws of a State shall be centralized. An illustration of the advantages is found in uniting the administration of the labor laws relating to safe and sanitary conditions of employment with the administration of the workmen's compensation laws.

It is probably unnecessary at this stage of the development of workmen's compensation legislation to consider the question whether there should be a responsible officer or officers charged with the administration of such laws, or whether their administration should be left to individual initiative and the final determination of courts of law, already burdened with many other and equally important responsibilities. That question is settled, and the only point is as to the character of the administrative agency. Both the nature of the compensation laws and the experience which has been gained during their operation in many States point to a board or commission, instead of the courts, as the best form of administration. Economy of administration then is secured if the administration of safety laws is placed in the hands of the compensation commission. Fewer highly paid executive officers and other employees are required, and there

is secured avoidance of duplication in the work itself. For example, it is essential to the administration of both these laws that employers should be required to make reports of accidents. On the one hand they furnish necessary information respecting the nature of accidents and the possibilities of prevention; on the other, they are necessary in the actuarial work involved in the administration of compensation. The same is true of the inspections which are frequently necessary in the course of the administration of both laws and in most instances one inspection would serve both purposes. Furthermore, the information derived from hearings in compensation is of great assistance to the commissioners, who are also charged with responsibility of the labor laws generally, in giving them a broader view of the problems with which they are dealing.

The same kind of events that have led up to the State industrial commission are taking place in Federal legislation. Already two bills on workmen's compensation have been well advanced and one of them creates a commission separate from the Department of Labor. The bill for compensation of employees of the Government (63d Cong., 2d sess., H. R. 15222) takes the place of the present law administered by the Department of Labor, and provides for a "United States Employees' Compensation Commission" consisting of three commissioners, no one of whom shall hold any other Federal office or position. The other (63d Cong., 1st sess., S. 959), providing for employees of private employers in interstate commerce, leaves the administration of the law to the courts, a method that has been effectually discredited. Whether either or both bills on workmen's compensation are adopted, they should be united, as already shown in the case of the States, under a commission that administers the safety laws.

When the Department of Labor was created the important work of safety for mine workers was left in the Department of Interior under the Bureau of Mines. Safety on railroads is in the hands of the Interstate Commerce Commission. The Bureau of Standards, of the Department of Commerce, develops safety standards for electric and other equipment. The Public Health Service, of the Treasury Department, investigates industrial diseases and factory sanitation. The Bureau of Labor Statistics, of the Department of Labor, investigates and publishes bulletins on accidents and diseases in various industries. Lately a bill has passed the House providing for a safety bureau in the Department of Labor, with power to investigate any or all of the matters of safety now carried on either in that department or in any other department. The seamen's law recently enacted is in the hands of the Department of Commerce, assisted by the Department of Labor. The Department of Agriculture has a division on rural housing and social conditions.

This overlapping of jurisdiction in matters of industrial safety and sanitation has grown up without any plan, according to the accident of such officials as happened to be on the ground or to get a hearing in Congress; or on account of objection to placing authority in one department or another. And now, with the prospect of Federal legislation for compensation for accidents and occupational diseases, one or two more bureaus are likely to be created, with their most important object the prevention of accidents.

At the same time three great private associations have sprung up which are doing as much or more for safety than all the State and Federal Governments combined. The Conference Board of National Allied Safety Organizations, composed of representatives from the National Association of Manufacturers, the National Founders' Association, the National Metal Trades Association, and the National Electric Light Association, has begun the standardization of safety devices for millions of employees, regardless of any standards which State or Government officials may set up. •

The National Council of Safety, composed of the safety experts of most of the large corporations of the country and of representatives of labor, has developed an extensive campaign of accident prevention. The Workmen's Compensation Service Bureau, supported by the liability-insurance companies, is doing expert work of the highest order in safety devices and processes for the assistance of such employers as are policy holders in those companies.

With these three national organizations representing the employing interests, with at least five, and the prospect of seven, bureaus representing the Federal Government, and with similar agencies more or less developed in the States, all of them working on the same problem of compensation for accidents and prevention of accidents, the time is ripening for some kind of correlation and uniformity. It can not be expected that Congress and the people will long be satisfied with this expensive and wasteful disorganization of the national energies that are directed to the great work of safety and compensation. Just as the States are moving toward centralization under industrial commissions, so the same problem must force the Federal Government toward not only centralization of its own work but correlation with the States and with private organizations.

It does not follow that all of the Federal bureaus dealing with safety and health should be bodily taken from their several departments and transferred to an industrial commission. There may be cases where their work on industrial safety and health is tied up with their other work. It is only necessary that the several departments should be required by law to discontinue any overlapping or conflict of jurisdiction, and that an industrial commission should have authority to bring them all together into a national council of industrial safety and health and require them to agree on a definite plan of dividing up the work and cooperating with each other and with private associations organized for similar work. Other comments will be found under paragraph 3.

ADVISORY REPRESENTATIVE COUNCIL.

2. An advisory representative council consisting of the Secretary of Commerce and the Secretary of Labor and of, say, 10 employers (including farmers) and 10 representatives of labor unions (including women). The representatives on the council to be selected from lists, not including lawyers, submitted by recognized employers' associations in the State or in the Nation, as the case may be, such, for example, as State associations of manufacturers, the National Metal Trades Association, the National Founders' Association, associations of coal operators, of railroad presidents, of brewers, of farmers'

organizations, etc. The representatives of employees to be selected from lists submitted by the American Federation of Labor, the railroad brotherhood, the Women's Trade Union League, and independent organizations. In all cases either the associations entitled to representation should be named in the law, or provision should be made whereby the governor or President, upon investigation, shall name organizations which are considered representative by organized employers and organized employees themselves and permit them to name their representatives. Similar provision in case an organization ceases to exist or to be representative. Any organization to be entitled to recall its representative on notice. The representative council to be appointed by the governor or the President before the appointment of the commission and the governor or the President to call it together and to consult with it regarding the names proposed to be nominated for commissioners. The Industrial Commission to invite also a limited number, say, 10, of individuals or representatives of organizations including persons especially interested in unorganized labor and representatives of such organizations as the International Association for Labor Legislation, the National Child Labor Committee, and the Consumers' League and individual employers and employees, as may be advisable for their assistance, to be members of the advisory council. The council to take no vote on any subject except procedure and to have no veto on any act of the Industrial Commission. Nominal compensation or no compensation to members, with necessary expenses. The representative council to effect its own organization and call meetings independent of the commission, to be provided with a secretary and needed clerical assistance, to hold meetings perhaps quarterly and on call, to keep and publish records of its proceedings. The Industrial Commission to be required to submit all proposed rules, regulations, and publications to the representative council, allowing sufficient time for examination and discussion, and to publish any protest or criticism filed by any member of the council, along with the commission's own publication.

This recommendation is an extension of a principle which is left optional in several State commission laws, but the mandatory feature has been partially adopted by law in New York. The recommendation creates a body similar to the Superior Councils of Labor in France, Belgium, and Italy, the Industrial Council in England, and many councils of private representative citizens who assist Government officials in Germany. In Wisconsin the appointment of a council is optional with the commission, but it has been appointed for several purposes, and this policy has been demonstrated to be the most effective of all that the commission has adopted. The omission by that commission to adopt it at times has been a source of severe and just criticism, and accounts for the granting of permits against which objections are rightly made. In New York the representative council is mandatory, but the selections are made by the governor, and are therefore liable to be political and nonrepresentative. For these reasons it is recommended that the council not only be mandatory, as in New York, but that no action of the commission, except in case of specified emergencies, shall be valid and no publication shall be issued unless previously submitted to the representative council. In this respect the advisory representative council

would have powers in excess of those of similar councils, except perhaps the Superior Council of Belgium.

Appointment by the governor, President, or Industrial Commission is required in order that members may receive necessary expenses. Lawyers are excluded because the council should be composed of persons with practical experience in industry.

The history of governmental commissions and departments has often been the appointment of men on the recommendation of politicians or special interests or the accident of personal acquaintance. An executive, in looking around for competent appointees, is often at a disadvantage because he can not get impartial and disinterested men to accept, or because he does not have impartial and competent advice in his selections. To the proposed Industrial Commissions is given the most serious problem before the American people. Almost everything turns on the kind of men appointed. They must be men not only competent but having the respect of the great opposing interests. Their position is that of a kind of mediator as well as of administrator. Such appointments should not be made in haste, nor in the secret of the executive's accidental advisors. They should be considered publicly, and especially by the opposing interests whose fortunes will be committed in great part to their hands. The governor or President can not, of course, be bound by the action of the council, but he can be required to get their advice on names proposed.

It is intended that the members of the commission itself should not be representative of either employers or employees, but that they should have the confidence of both sides. This is expected to follow from the requirement that the governor or President should consult the council before making his nominations of commissioners. In this way, what is known as "the public" would be represented in part by the commission, while capital and labor would be represented in the council.

By this method it can be expected that capable men may be attracted from their private occupations into public service as members of the commission. Usually the kind of men required for such positions dread the political and personal attacks that are connected with public office. But it would be difficult for an eminent man to resist the call to public office when he has the united invitation of the President, the employers, and the labor unions of the country.

The representative council has no veto power, but is intended merely as a cooperative body representing employers, employees, the public as it is represented by the Secretaries of Commerce and Labor, and individuals selected by the commission. Its duties are purely advisory. Its purpose is not only to give the governor or President and the commission the benefit of advice and to bring together for conference representative labor men and employees, but to guarantee as far as possible that all appointments (par. 3), all investigations and publications (par. 4), all rules and regulations (par. 5), and other acts of the commission, shall, before they are published or become valid, be under the continuous supervision of the recognized leaders of organized capital and organized labor, and public representatives.

No requirement is made for the appointment of advisory experts, such as lawyers, engineers, and physicians. These may be appointed

by the Industrial Commission as members of the third interest on the council, but it is found in practice that the services of consulting experts are secured without expense to the State if representative employers and employees have a part in the advisory council. This is attended to because the employer and employee representatives themselves have not the technical knowledge and can not give the time necessary to consider all details, but must consult experts in whom they have confidence. This they do, and are thereby prepared to discuss intelligently the acts of the commission. The council and the commission can, of course, call in such experts to their conferences at any time.

The employer and employee members of the advisory council should be strictly representative and responsible to the organizations represented. For this reason the organizations and not the Government should pay the salaries of the members. The result as shown in Wisconsin, where not even expenses are paid, is that the representatives are usually business agents of the unions and large employers selected by the employers' associations.

The council should organize with its own officers, independent of the commission, but should hold its conferences with members of the commission or with members of the staff. It should appoint expert advisory committees as needed for different subjects, such as safety, employment offices, etc. It should be provided with clerical and other help from the staff of the commission.

Since the powers of the council are only advisory it is not essential that it should vote on any questions except procedure. Hence it is not necessary to have equal representation of any interests or full attendance at all meetings. Each member should be furnished by mail with all proposals and proposed publications of the industrial commission.

For the reasons just cited it is not necessary that the commission itself should consist of more than three members. They are not expected in the larger States or in the Federal Government to attend to details of administration. Their duties will be mainly those of consultation and conferences with the council, supervision of the executive heads of divisions (par. 3), and public hearings.

This advisory council provides effective publicity for every act of the commission. The ordinary publicity required by law is that of a public hearing, and is limited to rules and regulations which are to have the effect of law. Such public hearings have become mere legal formalities, at which usually lawyers appear for each side and little or no opportunity is given for the two sides to get together on points where they can agree. The commission then retires and issues such rules and regulations as it may choose. These formal public hearings are not even required by law in some cases, but (par. 5) the recommendation provides that before the public hearing the employers and employees, with the commission and its staff, shall have considered and drafted the proposed rules so that when it comes to the public hearing they are present to explain and defend them. If objections are raised at the public hearing the proposed rules are referred back to the advisory council and the staff of the commission for reconsideration before being finally approved and issued as the legal act of the commission. If no public hearing is required by law, rules can not be issued except on advice of the representative council.

In this way an effective publicity is secured by a thorough consideration of the rules, because both those who are to be compelled by law to obey the rules and those in whose interest they are issued have assisted in drafting them.

Additional comments will be found under paragraph 3.

CIVIL SERVICE AND COMMENTS ON PRECEDING PARAGRAPHS.

3. The commission to appoint a secretary, Bureau chiefs, or chiefs of divisions, and such other employees as may be necessary, all of them to be under civil-service rules. Provision to be made for the advisory representative council or a committee named by it, representing both employers and employees, to assist the civil service commission in conducting examinations, except for clerical positions, and making it mandatory on the civil service commission to appoint these representatives on its examining boards. Members of advisory council while serving on such boards to receive extra compensation. If there is no civil service commission in the State, then the advisory council shall cooperate with the industrial commission in the examinations. The commission afterwards to make its appointments from the eligible list of those who pass the examinations. A graded system of salaries and promotions to be adopted, by which the members of the staff may rise to the position of heads of bureaus or divisions, where they would receive salaries equivalent, if necessary, to those received by the commissioners. Any proposed removal of subordinates to be brought before the advisory council before action.

Many of the features of this section are adopted in the New York act, but the examination by employers and employees is not mandatory on the Civil Service Commission, and a few of the chief positions are exempt from civil-service rules. The Civil Service and Industrial Commissions of Wisconsin have practiced this method of examination and appointment for employment offices and for chiefs of divisions, although not required by law.

Objection sometimes is made to civil-service examinations as being impractical and theoretical. Indeed, civil-service examinations are likely to be impractical if conducted by experts. These objections can be avoided in the examinations for these positions by requiring that the Civil Service Commission, if there is one, shall cooperate with the representative council. The examinations would thus be conducted with the aid of men thoroughly acquainted with all the practical difficulties involved in the duties of the positions to be filled. By making use of oral or written, assembled or nonassembled, competitive or noncompetitive examinations, as best suited to the particular purposes, it should be possible to obtain all the advantages of the civil-service system with few of its disadvantages.

Furthermore, it is not enough that examinations for positions under the Industrial Commission should secure efficiency and permanency; it is even more important that they should secure impartiality. The Industrial Commission itself and its entire staff are looked upon as mediators in adjusting the administration of labor laws to the actual conditions of industry. It is essential that both sides should have confidence in the staff of the commission, and therefore that both sides should have a voice in its selection.

This provision for representatives of employers and employees on examining boards should not be left optional with Civil Service Commissions or the Industrial Commission, but should be mandatory. It has been found that several Civil Service Commissions object to this provision, because they wish to retain unqualified authority for conducting examinations and making up eligible lists. This is one of the features of bureaucracy which should not be permitted where such vital issues as the contest between capital and labor are at stake. The provision in the recommendation does not prevent Civil Service Commissions from appointing experts on their examining boards; it merely requires them also to appoint, in addition, the recognized representatives of the interests who have previously been nominated by the interests themselves.

At the present time secretaries and bureau chiefs in the Federal Government are exempt from civil-service rules, and are usually appointed by the President and confirmed by the Senate. This is a serious discouragement to competent subordinates, who are thereby prevented from rising by promotion to the higher positions in their bureaus, and who see less competent political appointees brought in over their heads as well as frequently changed.

These recommendations are intended to place the highest positions under the Industrial Commission on an equivalent with the commissioners themselves. It would be unfortunate and impracticable, except in smaller States, if the commissioners were required to give their entire time to the details of administration. This is the case where a commission must perform as many functions as are required in the large State and Federal Government commissions. This they would be compelled to do if their chiefs of divisions were frequently changed, as under the present system. The chiefs of divisions and bureaus, both under Federal and under State commissions, should be as competent as the commissioners to deal with employers and employees, and much more competent in dealing with subordinates. In foreign countries the office of factory inspector, as well as all other offices dealing with the relations of employers and employees, are considered as professions. In some of those countries the universities provide training courses and lectures on the subjects for which the officials are preparing, and these are required to be taken as a part of the civil-service rules. The appointee then serves as an apprentice in the department and by promotion may reach the highest position. As a result a high grade of inspector is obtained. Only when the officers and employees of the commissions have such opportunities as these for a life work, provided they are impartial as between employers and employees, can officials be interested in preparing themselves for the work, or academies like those at West Point and Annapolis be adopted for the training of civil servants.

The advisory representative council, proposed in paragraph 2, also protects the administration of labor laws from the just fear of government by a bureaucracy. There must be officials if labor laws are to be enforced. The courts can not be relied upon alone, because prosecution can be begun only by private individuals. Consequently administrative officers and inspectors have been provided to initiate prosecutions. These officials constitute a necessary bureaucracy, if the laws are enforced. But it can not be asserted that the present

system of political appointments of inspectors avoids the evil of bureaucracy. The essential evil of bureaucracy is not so-called permanency of tenure, but the refusal of the official to take advice from laymen. The loudest agitator against bureaucracy becomes at once the most confirmed bureaucrat when he gets into office, because he determines to run his office in his own way, regardless of the advice of those who are compelled to obey his orders. In this sense the American officeholder is much more of a bureaucrat than are the European officials, who are compelled to consult the superior councils of labor or industrial councils of representatives of interests. It is for this reason that the legislatures and Congress should make it mandatory that the representative advisory councils should be created and that the industrial commissions and their staffs should confer with them before any act of the commission can have the validity of law. It is also necessary that the Civil Service Commission should appoint representatives from the council on its examining boards before any valid eligible list for appointment of subordinates can be made.

Another charge against civil-service rules is the objection to permanency of tenure and the inability to get rid of an official who adheres to outworn methods. This objection often has force, but the remedy is not that of returning to political and partisan appointments or frequent removals when changes occur in the political branch of Government. Officials, under most civil-service laws, can be removed at any time, provided reasons be given and no civil service commission should have authority to reinstate any official, as is the mistaken policy of some States. Permanency of tenure means only permanency on "good behavior." The principal reason why officials adhere to old methods is because there is no continuous supervising authority in a position to force them into new and better methods. The provision for an advisory council with which the officials are compelled to confer has been found to be the most effective method of compelling such officials to keep up with the changing conditions that require new methods. If, then, they are obstructive or incompetent to do this, there is good cause for removal.

COMMISSIONS AND CLASS CONFLICTS.

There are, of course, criticisms and objections raised against industrial and other commissions. It is not claimed here that they always work well. But they work better than the system they have displaced, and they have been found to be the only alternative where legislation attempts to regulate the relations of great conflicting and hostile interests. Many States and Congress have been forced by actual conditions to create railroad and interstate commerce commissions in order to take the details of the contest between railroads and shippers as far as possible out of the legislatures and the courts. Congress has been compelled, after 25 years of futile antitrust legislation, to turn over the contest between trusts and their competitors or customers, to a Federal trade commission. The contest between bankers and the commercial and business classes that depend on credit for their existence has been turned over to the Federal Reserve Board.

The contest between capital and labor is more serious than any of the other contests. Since the year 1877 it has frequently resulted practically in civil war, with the army or militia called in to suppress one side or the other, according to the will of the executive. It is claimed by some that this contest is irrepressible and will end in revolution, and at least it is plain, when the military power is called upon to decide a contest, that the ordinary machinery of government, which is fairly successful in other contests, has broken down.

It is not a solution of the contest to claim that these outbreaks are caused solely by agitators and have no foundation in conditions that need remedying. Such a solution, carried to its limit, means the suppression of free speech, free press, and free assembly, which can be accomplished only by military power. That there are conditions which need remedying is shown by the enormous amount of labor legislation of the past three decades, and the enormous amount of new legislation proposed. This legislation has come from the free discussion and investigation of actual labor conditions, and if there is no effective way for this discussion to be carried on and the alleged facts to be verified or disproved, then the result must be an excess of unfounded and impractical agitation mixed up with real grievances. There are unbridled agitators of this kind on both sides of the contest, and it is only when the two sides are brought together, and their charges, countercharges, and alleged grievances are boiled down by investigation to the residuum of facts, that mere unfounded agitation can be expected to give way to deliberations on remedies for recognized evils.

This does not mean that both sides can be made to agree on remedies for all evils and grievances, even after they have agreed on the facts. It means only that there is found to be a much larger field than was supposed where they can agree, and it is worth while for legislation to provide the means for bringing both sides together for a continuous search after the common points of agreement. When they have agreed upon and disposed of less disputatious points, they are in a position to go on to those disputed points which had been thought irreconcilable. This is the main reason for creating Industrial Commissions with adequate powers of impartial investigation, with conferences and discussions by both sides, and with power to decide on regulations and then to enforce them. (Par. 5.)

While some of the functions outlined for the proposed Industrial Commission are now being performed by the Department of Labor through its bureaus, it is not proposed that the department be abolished. (Par. 1.) It is even proposed that in large industrial States a similar department might be created in addition to the Industrial Commission. In nonindustrial States, where the labor department is mainly educational and not administrative, there would, of course, be no occasion for an Industrial Commission. Such occasion would usually first arise in case a workmen's compensation law were enacted.

We take it to be commonly accepted that a department, with its head having a seat in the Cabinet, is chiefly designed to advise and aid the administration in formulating its policy toward the interests in charge of that department, and to foster and promote the welfare

of those interests. To be sure, other responsibilities are intrusted to the department, but the foregoing are its prime duties.

That Congress intended it to be so is manifested in the statutes creating the different departments. Thus the law establishing the Department of Commerce declares that it should foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, shipping, and fishery industries, and the transportation facilities of the United States. Likewise in creating the Department of Labor in 1885, Congress stated its purpose to be the diffusion of "useful information on subjects connected with labor, in the most general and comprehensive sense of that word, and especially upon its relation to capital, the hours of labor, the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity." Congress reiterated its position when it raised the Department of Labor to Cabinet rank in declaring that its purpose should be "to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment." It is also mandatory upon the Secretary "to make such special investigations and reports as he may be required to do by the President, or by Congress, or which he himself may deem necessary."

Congress has not only declared that it regards Cabinet officers or department heads as the personal choice of the President, whom they are to assist in formulating his executive policy, but it has also accepted it in practice. This is illustrated by the fact that the Senate, even when controlled by an opposition party, usually ratifies the President's nominations promptly and without objections.

When influential economic groups feel that the Government can be of assistance in promoting their interests, they set about to bring political pressure to bear upon Congress to create a department that will concern itself with their welfare. Thus the Department of Agriculture was created in 1889, largely through the efforts of the National Grange and other farmers' organizations. In the same way the Department of Commerce was created on the petition of the business and manufacturing interests.

Of course, the different departments have also been intrusted with administrative duties. The Department of Agriculture administers the meat-inspection service, the Department of Commerce the steamship-inspection service, the Department of Labor the immigration service, and so on. However, whenever an acute administrative problem arises, owing to an intense conflict between two opposing economic interests, and requiring a disinterested enforcement of law, it has usually not been intrusted to one of these political departments. Hence, when Congress turned its attention to the dispute between the railroads and the great majority of shippers, it did not create a Department of Commerce to administer the law, but instead intrusted it to the Interstate Commerce Commission, a disinterested and nonpolitical body. Again, when Congress determined upon legislation to deal with "the new economic problem involved in the increased tendency toward concentrated ownership of the large industries of the country," no one even thought of suggesting that this matter be turned over to the Department of Commerce. On the contrary, without a single objection, an independent administrative com-

mission, the Federal Trade Commission, was created to enforce the legislation. The same is true with the Federal Reserve Board. Congress has also applied this policy to the labor problem. The first important administrative act directly affecting capital and labor was not assigned to the Department of Labor for execution, but to a disinterested and nonpolitical board. We refer to the Newlands Act of 1913, and preceding acts relating to arbitration of labor disputes on railroads. When an effort was made to place the administration of this act under the Department of Labor, both the railroad companies and the railroad brotherhoods opposed and prevented the change.

We are of the opinion that if, in dealing with the labor problem, this policy is carried out consistently, considerable of the industrial unrest will be allayed. We believe that it should be the conscious policy of Congress to separate the policy-determining functions from the administrative functions. The Department of Labor should be intrusted with investigations that would aid the President and his administration in determining upon a labor policy. It should also be the educational medium through which the country is to be informed on the various labor issues that need solution or have not yet been legislated upon. As a matter of fact, this has been the department's chief and most effective activity. A glance at the list of publications of the department shows the influence it has had as a pioneer in labor legislation in this country. The present unanimity of opinion in favor of workmen's compensation, safety and sanitation, vocational training and employment bureaus, is largely due to its having concentrated upon educating the public to the need of such legislation. And the department wisely continues to fulfill its chief mission by pointing the way to future improvement of the conditions of labor. Its recent publications aim to enlighten and crystallize public opinion on such mooted but vital questions as sickness and unemployment insurance, old-age pensions, housing of workingmen, cooperation, employers' welfare work, home and factory conditions of women and children. To make its work still more effective the department has begun issuing a monthly review which will supply information on all questions affecting labor. We have no doubt that with the aid of the Department of Labor, legislation upon these subjects will be secured sooner than otherwise.

On the other hand, when public opinion, through legislation, has determined upon a policy, it is vital to its success that it be administered by disinterested persons not connected with a political department. This is necessary in order to obtain the mutual and voluntary cooperation of employers and employees, and, unless they are assured of a disinterested administration of the law, they will be reluctant to assist in its successful enforcement. Naturally a department which initiates and advocates new legislation is bound to antagonize those who are not in accord with its views. It is futile to expect the Department of Labor to get the good will and cooperation of those whom it successfully defeated in the legislative battle. We must remember that the department is constantly advocating new legislation, even while it is administering that which has been enacted. Thus the bitter feeling against it is bound to be permanently at high pitch, and those who differ from it would likely have no confidence in its being able to administer the law disinterestedly. Then, too, as we shall show, if a law is administered through a political department,

its efficient administration may be subordinated to political expediency.

It is in order to avoid these difficulties that we recommend the method already adopted in several States. We believe that an Industrial Commission, removed from the heat of political controversy, created with the safeguards proposed herein, would have the confidence of employers and employees. Although employers and employees may have hopelessly divergent opinions on policy, yet when the policy is once determined upon by Congress they are equally concerned in its efficient and disinterested administration. If assured of this, they cooperate in its successful enforcement.

Furthermore, much opposition to labor legislation, both by capital and labor, is based upon the fear that its administration will be partial. And even when such legislation is enacted, unless both sides have confidence in the disinterestedness of the administrators, it is doomed to remain a dead letter on the statute books.

In recommending that the policy-determining function be separated from the administrative function, we wish to separate, as much as possible, the problems upon which capital and labor disagree from those in which they have a common interest. Legislation is a matter of opinion. Men may honestly differ as to the wisdom of a certain law. Difference of opinion when strongly contested invariably engenders suspicion and distrust. Hence, if an Industrial Commission were called upon to initiate and advocate new legislation it would be forced to antagonize and lose the good will of either capital or labor, or of both. Such an outcome must inevitably hamper its administrative duties, which it can not carry out successfully unless it has the confidence of both sides.

But it is highly essential that the conditions of labor be constantly improved and adjusted to new industrial developments. This function of studying and promulgating the best policies for promoting the welfare of labor should be left to the Department of Labor, as originally intended when created. The future interest of our country demands that a department devote itself exclusively to the furtherance of the welfare of labor. New problems must constantly be studied, information furnished, and remedies suggested. Considering that in the final analysis public opinion, as expressed through legislation, determines the nature of the remedy, it is proper that a political department be intrusted with the duty of aiding in determining that policy. It is with this idea in mind that we make the distinction between the enactment of law which is political in its nature and must be fought out in the Congress and in the Cabinet and the administration law which is nonpolitical and should be administered by disinterested parties in cooperation with representatives of capital and labor.

The conclusion is that all subjects upon which Congress has not legislated so as to require an administrative department should be in the hands of the Department of Labor. Among these are the important subjects of sickness insurance, invalidity insurance, unemployment insurance, old-age pensions, occupational disease, child and woman labor, and so on. The department should make studies of comparative administration of labor law and the administration of laws in the States. Other subjects might be mentioned. In fact there should be no limitation on its field of investigation and the

education of the public to the evils which labor suffers and the remedies that should be adopted.

The Industrial Commission is purely an administrative body not intended to promote new legislation, except where it is needed in connection with its administration of existing laws. Other new legislation gets its initiative elsewhere. The proper place for opposing interests to make their fight on new laws is in the State legislatures and in Congress. Each side necessarily endeavors to elect its representatives, to employ its lobby, and to use every honorable method in its power to defeat the other side. The outcome is usually a compromise not wholly satisfactory to either. But it does not follow that the fight should be kept up in the administration of the laws that are enacted. Whatever they are, they should be enforced exactly as they stand, and neither side should control the executive and administrative officers. These should be impartial. It is because executive officials are mainly partisans that the administration of labor laws in this country has broken down. They may be appointed by political parties, but back of the politicians are the employers or the trade-unions that make secret or open deals with the politicians in order to control the offices. It can not be expected that employers will readily accept investigation or obey the orders of officials whom they know or suspect to be agents of unions or of politicians, intent on strengthening unionism or making political capital out of their positions. It is natural that employers should protect themselves either by getting their own agents into the positions or by getting a weak and inefficient trade-unionist appointed. In any case the laws are not enforced, and the laboring classes in turn become desperate and defiant of Government. An illustration is found in the recent industrial troubles in Colorado. Probably no State of its size in the Union has had upon its statute books more labor laws than Colorado, nor more trade-union representatives in office to enforce them, yet the nonenforcement of the labor laws was undoubtedly one of the contributing causes of the recent troubles. The history of many other States is similar, so far as nonenforcement is concerned. Labor representatives alternate with employer representatives or with labor politicians, who make a show of enforcing the laws while the masses of labor get no substantial benefit.

American experience has shown that this situation can be met only by a nonpartisan commission, removed as far as possible from politics. In other countries, and in British colonies having parliamentary forms of government, this kind of separate commission is not required, for the good reason that the Cabinet officer who enforces the labor laws is a member of Parliament, and Parliament must be dissolved and a new election ordered if the Cabinet loses control. Having a seat on the floor of the legislature he must answer questions put by the opposition. If one of his subordinates is inefficient or takes sides against employers or unions, some one in Parliament is liable to rise and demand explanations, and the Cabinet minister is compelled to explain and to stand by the subordinate or to repudiate him. The opposition may even be able to defeat the ministry and get a new election. Consequently, Cabinet officers are responsible to Parliament, and, although they are partisans and politicians, they are careful that their subordinates, who actually administer the laws, shall be impartial and efficient. In no other country, governed by a

parliament, would such important boards as the Interstate Commerce Commission, the Federal Trade Commission, the Federal Reserve Board, or the State railroad and public utility commissions, be taken out from under the jurisdiction of a responsible cabinet minister. In this country it is found necessary to make them wholly or partly independent, because there is no officer directly responsible to the legislature or the people who can be given control over them.

The same is true of the labor departments of parliamentary countries compared with such departments in the American State and Federal Governments. The issues in this country are too vital and menacing, they are too easily turned into political capital, and, at the same time, the politicians in charge are too little responsible to the legislatures, to Congress, and to the voters, for the American people to leave them in the hands of partisan or political officials. The plan of an industrial commission with a representative council as herein recommended, is based on American experience and fitted to American conditions in dealing with such issues of opposing interests.

But the commissions created to deal with the relations between other opposing interests can not be accepted as models for dealing with the opposing interests of capital and labor. The Interstate Commerce Commission was designed to reconcile the opposing interests of railroads and shippers, the Federal Trade Commission of monopolies and competitors, the Federal Reserve Board of bankers and borrowers, but in none of these cases were the opposing interests strongly organized for aggression and occasional paralysis of business verging on civil war. It was not so necessary then that the opposing sides should be strongly represented, as is recommended in the creation of the Advisory Representative Council. This council is a kind of parliament designed to hold the commission continuously to the impartial performance of its duties and the accuracy of investigations upon which the impartial performance of duties depends.

The Industrial Commission, as here proposed, adopts methods in the field of labor laws similar to those that collective bargaining between unions and employers adopts in drawing up voluntary joint agreements. Modern trade agreements are, in fact, almost complete codes of labor law for a particular industry, and, if voluntary collective bargaining could become universal and effective for all employers and employees, then the State or Government might not need to enact many labor laws. Something like this is actually attempted in those countries having compulsory arbitration. They provide easy methods for organizing and perpetuating unions of employers and unions of employees. They try to induce the representatives of these unions voluntarily to recognize each other, to get together to investigate grievances and demands, to confer and to draw up and enforce a joint agreement covering all alleged evils and grievances. If they can not succeed in doing this they provide a court of arbitration with substantially all the powers that the conferees of the unions and employers would have if they acted without compulsion.

But compulsory arbitration is too remote to be considered, or even anything which would logically lead to compulsory arbitration. In paragraph 14 we recommend voluntary collective bargaining with the Government acting only as mediator without any compulsory powers. Our alternative proposed for compulsory arbitration is in

part an industrial commission with a council of employers and employees.

The need of an industrial commission becomes more pressing in proportion as new laws are enacted and new executive duties are added. It was the introduction of workmen's compensation that forced attention to the situation. Here is a new type of legislation which is so evidently a matter in which employers are as much concerned as employees that it was not considered proper to intrust its administration to a department controlled solely in the interests of labor. Consequently separate commissions were created independent of the labor bureau, or else the compensation law was put in charge of the courts.

But the most important effect of the compensation laws is not the compensation to workmen, for no law pretends to pay the workman anything for his suffering nor even to pay him his total loss in wages. The most important effect is the universal pressure on employers to prevent accidents and to heal the injury as soon as possible.

Wherever this object of the law was understood either the work of factory inspection for accident prevention was taken from the labor bureau or the compensation commission and the labor bureau were consolidated. One reason for doing this is that employers have become as much interested in accident prevention as have workmen, for it becomes a matter of business and profits. Another reason is that the compensation commission itself may not be tempted to exalt the less important object of compensation over the more important one of accident prevention and speedy cure.

The employers now become just as much concerned as the employees in having an efficient factory inspection. They must do their own inspection, anyhow, for the sake of reducing the costs of compensation, and they do not need to be prosecuted as they did before. What they need in factory inspection is the help of inspectors who are expert in showing them how to prevent accidents and how to organize safety committees and to get the "safety habit" into their employees. Whatever reason may formerly have existed for trade-unions to get their members appointed as factory inspectors in order to drive home prosecutions no longer exists. Neither do employers any longer have reason for using political or underhanded methods in order to get weak and inefficient inspectors appointed. Employers now wish to cooperate with factory inspectors, and the only kind they can cooperate with are those who are impartial and efficient. The fact that employers have taken the lead in their three great safety organizations mentioned under paragraph 1, instead of being led by State and Federal labor officials, shows unmistakably the need of enlisting employers in at least this branch of labor law.

Another subject, unemployment, the most serious and distressing of all, is almost universally agreed as needing a comprehensive plan of employment offices. It is now generally admitted that it must be dealt with by the Federal Government. Both England and Germany have national systems of public employment offices. The English system is operated directly by the National Government; the German system is operated by the city and State governments correlated and supervised by the Federal Government. A combination of both methods will, perhaps, be necessary in this country. Bills have al-

ready been introduced in Congress, and the Department of Labor has begun the establishment of offices. But, in the contest between employers and trade-unions, the control of employment offices is essential to either side. The antiunion employers' associations already have sufficient employment offices, and many local trade-unions have employment agencies of their own.

Employers control the jobs. They hire whom they please. Surely they can not be expected to hire workmen sent to them by trade-unionists or politicians who happen to run the public employment offices. This accounts for the inefficiency of the offices in almost every place where they have been tried. They sink to the level of charity, finding occasional short jobs for casuals, but do not become the great labor exchanges which they should be as the first step in dealing with the most serious of all problems, unemployment. Experience shows that employers must have confidence in the ability and impartiality of the officials who run the employment offices or they will not patronize them. On the other hand, trade-unionists must have confidence that the offices will not be used to furnish strike breakers. The only effective solution of this predicament is the management of these offices by joint committees of organized employers and organized employees and their joint civil-service examination of the officials who run the offices. Under the Industrial Commission plan there are not only representative councils at the national headquarters, but similar councils for each State and for each local office.

Furthermore, no Federal legislation is more urgent than the supervision of private commercial offices doing an interstate business. If this country expects to promote public offices and to regulate private offices, the only effective way is through joint control by the acknowledged representatives of organized employers and employees, cooperating with a Federal commission that is impartial and non-political.

The subject of industrial education is vital to the Nation as a whole and immediately critical for both employers and employees. Yet, when a bill is introduced in Congress for national aid to industrial education, the administration is not placed under the Department of Labor, where it would naturally belong and where more has been done than in all other departments in the investigation of the subject. It is proposed to place the administration under an ex officio board of cabinet officers with an officer of the Bureau of Education acting as executive. Furthermore, no standards of efficiency are imposed upon the States as a condition of receiving the funds appropriated out of the Federal Treasury. (Par. 17.) This bill combines the features of political control, "pork-barrel" finance, and exclusion of the two great interests of employers and employees who are most directly concerned. The reasons for such recommendations are the popular demand for industrial education, and the lack of any effective method of bringing together the representatives of employers (including farmers) and employees. Such representatives are the ones who know the needs of industry and agriculture and are competent, with the aid of qualified educators, provided neither side dominates the other, to set up the standards of efficient industrial training which should be made the essential condition of receiving Federal aid. For this purpose the Industrial Commission should

add to its advisory council representatives of organizations of educators, such as the National Education Association, and the National Society for Promotion of Industrial Education. The Federal Industrial Commission, upon the advice of such a council, including employers, employees, farmers, and educators, could then determine the standards as a basis for receiving subsidies, which should probably require the States to provide governing boards of employers, employees, farmers, and educators, continuation day schools with compulsory attendance on the employer's time, adequate training of teachers with practical industrial experience, and so on.

In making the preceding three recommendations no reflection is intended on any particular State or Federal official now charged with the administration of labor laws. It is conceded that many of them may be doing the best work possible under existing laws. But it is recognized that the conditions under which they work make it impossible either to administer existing laws effectively or to assume the administration of additional laws urgently required to meet the increasingly difficult and complex problems of capital and labor.

Instead of interfering with the commendable work of trade-unions the recommendations are intended to strengthen unionism at its weakest point. One of the most serious obstacles in the way of a harmonious labor movement is the struggle of ambitious unionists to get the indorsement and control of their unions for political positions. The conflicts within unions for such indorsement and support are notorious in weakening the unions. Furthermore, in order to get and hold a political position the unionist must make alliance or connivance with and concessions to the leaders of political parties, and therefore is not free to support consistently the demands of labor. He must also often support or even appoint other politicians whose influence is used against the unions. This unquestionably weakens or destroys the confidence of laborers generally in the integrity and faithfulness of all their leaders who accept political positions, or are suspected of trying to get such positions. It is only when the union representative is paid from his union treasury instead of the public treasury, and is recalled by his union, that he is truly representative and the union itself has a sound basis for permanency and growth.

Our recommendations adopt this principle and counteract this weakness of unionism by making their representatives on the advisory council dependent solely on the unions. They receive no salaries from the public treasury, and can be recalled at any time when they cease to be representative. The result is that the unions usually nominate for such positions their regular officers or business agents who receive salaries from the union treasury for other purposes. Under such circumstances there can ordinarily be no question of the union representatives "selling out" to employers or politicians.

INVESTIGATIONS.

4. The Industrial Commissions to make and publish investigations and recommendations on all subjects whose administration is intrusted to them. Investigations and recommendations on other subjects to be made only on the request of the legislature, Congress, or the court. (Pars. 12, 13.) Since it is provided (par. 14) that the

Federal and State commissions shall cooperate in the mediation of labor disputes, the Federal commission should be the agency to which the States should look for continuous investigations and publications for the entire country of wages, hours of labor, cost of living, joint trade agreements, and all subjects involved in labor disputes, but the names of establishments or individuals should be kept confidential. It should publish, at least annually, a report on all strikes, lockouts, boycotts, blacklists, that have terminated during the year, but should not make such investigations during an industrial dispute unless consented to by both parties in the manner elsewhere provided. (Par. 14.) In making such reports it should give all material facts, including demands, negotiations, picketing, strike-breakers, conciliation, the acts of State or Federal authorities, as well as joint agreements reached with or without cessation of business. In preparing these reports the commission should not call upon any mediator, but should, if necessary, use its powers of compulsory testimony.

In order to assist State minimum-wage commissions in the most difficult part of their work the Federal commission should also investigate and report upon interstate competition and the effect of minimum-wage laws. Such investigations are of assistance also in determining other questions. State commissions should make reports on safety, compensation for accidents, minimum-wage investigations, employment offices, child labor, etc.

No publication of any investigations to be made or any rules (par. 5) to be issued without previously submitting them to all members of the representative advisory council, with opportunity for criticism, the latter to be published by the commission with its own report. All forms, schedules, and instructions for investigators likewise to be submitted to the advisory council.

These recommendations regarding investigations are the most important of all the recommendations regarding the Industrial Commission. All of the other recommendations culminate in the validity of its investigations. Investigations furnish the basis for drafting laws by the legislature, for formulating rules and regulations by the commission (par. 5), for interpretation of laws and rules by the courts, and for prosecutions in enforcing the laws. The recommendations for an industrial commission, for an advisory council, for civil-service appointments, for subsidies (par. 17), and for court procedure (par. 7) are all directed toward securing reliability and confidence in the investigations and conclusions of the commission.

It is required that all investigations and proposed publications shall be submitted to the representative council before they are issued and time enough given for consideration and criticism. If, then, any rules are issued (par. 5) or investigations published without the approval of either side, their validity and accuracy are at once condemned and the commission is discredited. Under a partisan or political department of labor, it is unlikely that statistics and investigations are accepted, either by the public or by both employers and employees, at their face value. Nothing more serious can exist, in a country which depends so much on public opinion, than this distrust of official publications and statistics which purport to give all the facts upon which public opinion forms its conclusions. Employers,

employees, and the general public should be able to rely implicitly for their conclusions on official statistics on wages, hours of labor, health, safety, cost of living, unemployment, costs of production, distribution of wealth, strikes, boycotts, and all other material facts bearing on the relations of capital and labor. All labor legislation, all administration of labor laws, all efforts at mediation and arbitration, all recommendations of public bodies, go back for their justification to statistics and investigations. The money of the Government is worse than wasted, and the officials are discredited if there remains any interested body of citizens who do not place confidence in these official statistics and investigations. The temptation is so great, in view of the struggle between capital and labor, to distort or suppress or obliterate facts that no precautions too great can be taken to secure thorough criticism, verification, and filling in of omissions before the facts are published. No matter whatever else may be recommended, no recommendation can be depended upon that does not provide fully for the integrity, reliability, and complete inclusion of all material facts in every publication of official statistics and investigations. There is no certain method of doing this except in the recommendation that all alleged facts of statistics and investigations be submitted to the parties directly interested and affected by the conclusions. The proposed advisory council, composed of acknowledged representatives of these parties, acting independently, without intimidation or connivance, and watchful against any advantage attempted by the opposing yet cooperating interest, consulting their constituents on any matter, can be trusted to see to it that no material facts or conclusions are published without conclusive proof and none suppressed without disproof. If any member of the council objects to any final statement or conclusion, he is entitled within limits to have his protest published along with the report of the commission. In fact, the entire spirit of these recommendations is the utilization by Government of the organizations that have both common and hostile interests, in order to protect the Government itself against partisanship and partiality in dealing with the serious conflict between those interests. It is because the reports, findings, and recommendations of the present commission were not submitted to parties affected thereby or to an advisory committee similar to the one proposed for a permanent commission that we can not accept them as verified or criticized, so that we could have before us when finally acting upon them any criticisms or assurance that their statements were accurate or that important omissions had not been made. An advisory committee to this commission, similar to the one proposed, was approved for a short time and, after making changes in the proposals of the staff having the measures in charge, made certain unanimous recommendations as bills to this commission, but the committee was discontinued before it could complete its work. No staff of investigators, however careful, can be expected to have such complete knowledge of their subject as to be trusted without the scrutiny and criticism of the interests or persons affected by their reports. Whenever a permanent industrial commission is created there can be no provision more essential than that of providing the representative machinery for reliable investigations, findings, and publicity.

An illustration of the method of supervision of investigation here advocated is afforded by the Interstate Commerce Commission. The statistics of wages and hours collected by that commission are of importance in matters of mediation. They were so collected and arranged that they could not be relied upon for that purpose. Consequently a conference was called, consisting of the railway accountants, the railroad brotherhoods and other labor organizations, the statisticians of the commission and of the Department of Labor, to consider the statistics. After the discussion, which failed in some respects to reach agreement, the Interstate Commerce Commission issued new rules changing several features of the statistics in order to avoid the criticisms advanced, the changes to go into effect in 1915. It is this method of statistical investigation that is recommended to be made mandatory on Industrial Commissions.

The Industrial Commissions herein recommended are modeled in part upon the example of the railroad and public utilities commissions, the Interstate Commerce Commission, the Federal Trade Commission, and the Federal Reserve Board. Their powers are partly legislative, partly judicial, and partly executive. That which is most important is their power of making investigations of facts and conditions and then issuing orders (par. 5) based on such investigations. The legislature or Congress lays down a general policy or standard, but does not go into all of the minor details and variations that are needed to fit the policy to actual conditions. In the case of railroads it gives up the attempt to enact a schedule of freight and passenger rates and merely requires of railroad corporations that all rates and services shall be reasonable, that there shall be no discriminations, and so on. The commission then investigates each case as it comes up and issues a detailed order intended to carry out the policy and enforce the standard laid down by the legislature or Congress. In the case of labor law the legislative standards differ according to the object of the law. In matters of safety the legislature requires employers to keep their work places safe, and leaves to the commission the investigation of conditions and of safety devices necessary to be installed in each industry or shop, with power to order them installed. In compensation for accidents the legislature requires the employer to pay 50 per cent or more of the wages lost for a certain time, and then gives the commission power to investigate each case if necessary, and to determine exactly the amount and all details, and to order the employer to pay that amount. Other standards may be set up by the legislature, if it wishes to do so, for hours of labor, minimum wages, exclusion of women and children from dangerous employment, regulation of private employment offices, and so on, covering the entire field of labor legislation.

It is evident that the legislature can not itself make all of these investigations. It must depend upon others. In practice, too, the legislature and Congress are not willing to delegate to a single executive official the power of issuing rules and orders. This power is quasi judicial. Consequently the legislature and Congress create commissions with three or more members, in order to require deliberation and a fair representation and hearing for all interests that are benefited by or compelled to obey the rules. A single executive

official is liable to be one-sided and partisan, or to act without deliberation, or to be frequently changed, but a commission can be organized so as to be impartial, deliberative, and continuous.

In the administration of all other labor laws, such as those on industrial education, child labor, hours of labor, minimum wage, and so on, there are points of antagonism and points of harmony between capital and labor. The points of antagonism are enlarged and exaggerated when one side or the other, through practical politicians, controls the offices. The points of harmony can only be discovered by investigation, and the investigations must be cooperative between employers and unions, else neither side will have confidence in the results. The Industrial Commission and its subordinate officials, of course, have to be depended on to make the actual investigations, but the provision in the foregoing recommendation, that all matters and all proposed publications shall be submitted to the advisory council, representing the opposing interests, for their advice and criticism but not their veto, goes as far as practicable toward securing that the investigations, conclusions, and rules of the commission and its subordinates will have the confidence of both sides.

The particular recommendation regarding investigations of labor disputes is associated with a later recommendation regarding mediation. (Par. 14.) While recommending voluntary mediation, it is recognized that strikes and lockouts are of such public importance that the public is entitled to accurate information regarding their causes and continuance. In connection with its other investigations the investigation of strikes and lockouts shows underlying causes of industrial unrest and the failure of legislation or administration to remedy them. Official investigations and reports on those subjects have not as a rule been accepted, because they have been colorless for fear of giving offense, or because they are conducted under the direction of partisans of one side or the other. It is expected that investigations conducted under the supervision of the advisory council will avoid the defects of many official investigations.

All investigations of a general character, such as those on safety devices, wages, hours, conditions of labor, and interstate competition, should be made by the Federal commission, relieving the State commissions or bureaus for their work of local investigations, administration, and inspection, the Federal commission to be the central standardizing agency, leaving the State free to adopt or reject the standards. (Par. 17.) The investigation of interstate competition and the effect of minimum wage laws will be of use in the most difficult part of the work of State minimum wage commissions, which we indorse in so far as women and children are concerned.

RULES AND REGULATIONS.

5. The commission to make rules and regulations for carrying into effect the provisions of the labor laws which it enforces. This may be done by providing, in the industrial commission law or otherwise, for certain brief standards as may be determined by the legislature, for example, that all places of employment shall be safe and sanitary, as the nature of the industry will reasonably permit, that no person shall be allowed to work for such hours of labor or at such times as

are dangerous to his or her life, health, safety, or welfare, that employment offices shall give correct information, shall not split fees, and so on. Or, less preferably, the existing labor laws may be retained or new ones enacted in minute detail, and the Industrial Commission may be given power merely to make such additional rules and regulations or variations from the laws as are necessary to give them full effect. Rules to be submitted to the advisory council before issuing.

The method of brief legislative standards above mentioned is adopted by most of the States having Industrial Commissions and it is here recommended, but the latter is the method adopted in New York. The original policy of American labor legislation involved an attempt to cover in detail every contingency which might arise. This method has proved itself impractical. It is impossible for a legislature charged with so many other duties and having but little time for attention to any of them, to intelligently provide in detail for such matters as the safeguarding of machinery or the regulation of hours of labor and periods of rest in hundreds of different employments and under hundreds of different circumstances. Legislation upon these subjects has to-day reached the stage long ago reached by legislation relating to public health and public utilities. The legislature can provide only the general standards and must leave to administrative officers the duty of "filling in details."

Whether the labor laws of a State consist only of a few sections, as in Wisconsin, or are a bulky law, as in New York, there still exists the necessity for the further filling in of details, and if the labor laws enacted by the legislature are at all lengthy, as in New York, there exists the additional necessity of some means for variations in deserving cases, either by express provision of the law or, in the absence thereof, by the tacit overlooking of violations by the officials charged with the administration. This latter practice is an opportunity for graft or favoritism. A factory inspector goes into an establishment and has the power to order changes amounting to several thousand dollars. He finds many points where the strict letter of the law does not apply. Since he is the only person who actually interprets the law on the ground he can readily overlook violations. But where the laws do not go into details, but an Industrial Commission determines the details in the form of rules fitted to conditions, the inspector no longer has discretion in overlooking violations. He must report all the violations, and the employer has another remedy besides influencing the inspector. He can go to the commission with a petition that a different rule be made to apply to his case, and the commission, after a public hearing, may grant or reject the petition, or modify its rule for that particular establishment. Variations must be made in any case. The difference is, that where there is no commission with power to make rules, the variations are made in secret by the different inspectors, while where the commission has this power they are made in public. (Par. 6.)

In the recommendations above, the briefest kind of a legislative standard is indicated. Whatever its length, however, the best method of filling in the details is the same. It is not unconstitutional to delegate such power to a single individual, but it is undesirable and, as already pointed out, impracticable to confer it upon one person. The

alternative is to confer it upon a board or commission. The chief question arising here is whether a board shall be created especially for this purpose or whether one board shall perform this duty together with that of administering the laws and the rules and regulations made by it. The latter is the Industrial Commission recommended. The other method has been tried in the two greatest industrial States in the Union, New York and Pennsylvania, but the former State abandoned it after a two-years' trial. In New York it was adopted two years ago when the factory investigating commission declined to take the administration of the labor department away from a single executive, but adopted a compromise through establishing an industrial board of four members, together with the labor commissioner as chairman, to perform the rule-making function whether in the form of general rules or variations. While the board has done much good work, there remains little doubt that the same work can be performed even more intelligently and effectively by a commission which is also actively engaged in administrative work. In both cases, the aid of committees representing particular industries or interests has been and must be largely relied upon. On the other hand, an industrial board such as formerly existed in New York, and still exists in Pennsylvania, the rule-making duties of which are solely legislative in their nature, without power of enforcement, is not much better equipped to make such rules and regulations than the legislature, except that its number is smaller and its personnel chosen particularly for this one duty.

The recommendations provide different methods of securing uniformity of State and Federal legislation on various subjects (pars. 17, 18). This uniformity has been secured in the case of railroads by exactly the same method as the one here proposed to be made mandatory. When Congress enacted a law requiring safety couplings there were a large number of manufacturers of couplings in the market. Congress gave authority to the Interstate Commerce Commission to decide on the kind of couplings that would accomplish the object of securing safety. The commission called in the representatives of the railroads and of the railroad brotherhoods, with the manufacturers of couplings, and after several conferences the present standards were adopted. Other standards applying to railroad cars were also adopted in this way.

At the present time there is urgent need for Federal aid in securing uniformity of safety devices. This can be done to a certain extent through voluntary cooperation with the States. Various States with industrial commissions are going ahead with their own standards, and there is apparently no means of securing uniformity until a Federal commission is given power to act. This could be done if the Federal commission brought together representatives of State factory inspectors, along with its advisory council of employers and employees, and the private national safety organizations mentioned under paragraph 2. By agreeing on standards, these could be adopted by every State commission which has power to make rules. And the Federal commission would be merely a central standardizing agency, leaving to the States the voluntary adoption of the standards. If it were desired to go further, a Federal law granting to the Federal Industrial Commission power to set standards for interstate

shipment of machinery not equipped with the standard safety devices might be adopted. Each method would require a Federal commission to set standards.

The illustration regarding safety is taken not because that is the most important problem, but as furnishing an illustration of possible methods applicable in other lines. Similar uniformity might be secured in the regulation of private employment offices and other lines of labor legislation, as the States or Congress may determine. Of course, if the Congress enacted legislation similar to the Palmer-Owen child-labor bill, the extreme step would be taken of attempting to force States to come up to Federal standards. This may be necessary in some cases, but the Federal Industrial Commission affords methods of securing uniformity in some branches of legislation by less extreme measures.

The courts have generally denied the contention that this delegation of power to make rules and issue orders is unconstitutional as a delegation of legislative or judicial power, and the Supreme Court of the United States has used the term "administrative" to describe those powers which are partly legislative or judicial, but are not so exclusively one or the other that they may not be properly conferred upon an executive or administrative body. (See *Interstate Commerce Commission v. Humboldt S. S. Co.*, 224 U. S., 474; *Pennsylvania Railway Co. v. International Coal Mining Co.*, 230 U. S., 184; *Mitchell Coal & Coke Co. v. Pennsylvania Railway Co.*, 230 U. S., 274.)

REVIEW BY COMMISSION.

6. Any person in interest to be entitled to petition the commission for a hearing on the legality or reasonableness of any rule or regulation or of any order directing compliance with any provisions of law or other rule or regulation or for a special order applicable to a single establishment. The commission may change its rule or regulation before final decision by a court on its legality.

This recommendation is embodied in one form or another in all of the State commission laws. Under the prevailing system of administering labor laws a person affected by an order enforcing an act of the legislature has no opportunity to object to its constitutionality, reasonableness, or validity except by awaiting prosecution and submitting his objection as a matter of defense. Not only is this cumbersome and undesirable as a matter of procedure, but it is open to a very serious objection that it brings this matter up often for final decision by a petty court, or even before a local magistrate or justice of the peace.

Not only does a provision of the sort here recommended give the person affected opportunity to make proper objections, but it gives the commission an opportunity to reconsider its rules and orders from the point of view of their actual application in concrete cases before they are subjected to tests in the courts. Questions arising in the application of rules and orders to concrete cases frequently depend upon facts and conditions which are difficult to bring out accurately and thoroughly in the courts. The proceedings before the commission will develop the facts and conditions which are alleged to justify the provision and those which the employer depends upon

to defeat it better than could be done in any court. It is frequently necessary for the court to have such facts available in order to arrive at a proper decision upon the constitutionality of such a rule or order, and in the absence of such a proceeding as this, an appellate court has practically no means of obtaining such information. This could not be better illustrated than in the recent decision of the New York Court of Appeals (*People v. Schweinler Press*, 211 N. Y., 395), upholding the constitutionality of the section of the labor law prohibiting night work for women, and, in effect, overruling its own decision of eight years previous, holding a similar provision unconstitutional. In the opinion of the recent case the court frankly says that its previous decision was due to a lack of proof at that time that the prohibition bore some direct relation to the public health and welfare, and that subsequently such proof had been gathered and was of such a nature as to warrant a different decision. In this case the evidence had been gathered largely through the efforts of a special factory investigating commission, but the whole incident illustrates the necessity for a thorough consideration of all facts involved before the matter is taken into the courts, and making the results of such consideration available for the use of the courts.

The special order applicable to a single establishment is necessary in order to take into account peculiar conditions, which, if rigidly applied, might render the entire law or general rule unconstitutional.

COURT REVIEW.

7. Any person in interest to be entitled to bring a special action in court to test the legality and reasonableness of any provision of the labor laws, of any rules and regulations made thereunder, or of any order directing compliance therewith. (It is probably advisable, in the case of State commissions, to limit the jurisdiction of such cases to a court sitting at the State capitol.) Actions involving rules and regulations and orders not to be brought until final determination of the petitions for review (par. 6) by the commission. Provision also to be made for suspending prosecutions pending determination of petitions or actions for review in court. Matters of fact which had not been before the commission to be referred back to the commission and opportunity given for the commission to change its rules or regulations before final decision by the court. Rules and regulations of the commission to be made *prima facie* reasonable in all court proceedings.

This recommendation is provided for in different ways in the different State commission laws. The purpose of these provisions, together with those relating to review by the commission (par. 6), is to secure a uniform interpretation of the labor laws and the rules and regulations for carrying them into effect; to prevent their being held unconstitutional by petty courts (which often results, on account of the impossibility of appealing such a decision, in an absolute bar to further enforcement of such provisions in that locality, even though the provisions may eventually be upheld by a higher court); and to protect the commission from ill-considered action by higher courts not having before them sufficient information to enable them to arrive at an intelligent decision.

TESTIMONY.

8. The commission to have the incidental powers such as those of subpoenaing and examining witnesses and administering oaths, and so on, necessary for the full performance of duties imposed upon it. These powers, however, to be strictly limited to those branches in which the commission, on the basis of experience or the constitutional rules regarding evidence, finds them indispensable. In all other work the commission to have no powers of compulsory examination, and so on.

The powers of compulsory investigation and public hearings are liable to serious abuse in order to gain some temporary publicity or personal advantage, but in practice it is found that competent investigators and informal conferences, such as those of the proposed advisory councils, can secure more valuable and reliable information than when individuals are placed on the stand and required to talk to the stenographer.

CONTINUOUS INDUSTRY, EMPLOYMENT, AND INSURANCE.

9. In all industries or occupations operating continuously day and night and seven days a week the legislatures or Congress should enact laws requiring three shifts of eight hours each and one day of rest in seven, or their equivalent, administered under rules of an industrial commission laid down for each industry or establishment as may be required.

This class of legislation has been widely adopted in European countries, but has been found unenforceable without the aid of an administrative body competent to take into account the many differences of different establishments. In those countries hundreds of different rules are issued for different industries. For example, the rules for Pullman employees would differ materially from those for steel mills or hotels. We consider such laws unenforceable without this provision, and their enforcement can not be secured without a commission under the supervision of a representative council such as we recommend.

The Industrial Commission, with its advisory council, in its administration of employment bureaus is evidently the body to work out improvements not only in the bureaus themselves but in measures designed to provide for the unemployed or to regularize employment, such as workmen's hotels, or advice to Federal, State, and municipal authorities for shifting their work to the winter months or to periods of depression. These matters have been remarkably provided for in Germany, where the employment bureaus, with their advisory councils, have become the most effective of those in any country.

Such measures as sickness insurance, invalidity insurance, and unemployment insurance evidently require a large amount of investigation before they can be recommended. Their principal object should be the cooperation of employers and employees in the prevention of sickness, invalidity, and unemployment. Their administration and the drafting of laws and rules will evidently have to be intrusted to a commission with such an advisory council as is proposed.

POLICE AND MILITARY.

10. That such detective agencies may operate in more than one State, or be employed by industrial corporations engaged in interstate commerce, or which may use the mails shall be compelled to take out a Federal license, under the Industrial Commission, with regulations that will insure the character of their employees and the limitation of their activities to the bona fide business of detecting crime. Similar license and regulation for all private employment offices engaged in interstate business.

That all enterprises shall be forbidden the right to employ private armed guards, except as watchmen on the premises, or to have such watchmen deputized as police except where such is found necessary by the State or Federal Industrial Commission. That rules adapted to the differences required by various industries should be made by the Industrial Commission, in order to carry these laws into effect.

That such enterprises shall exercise their right to call upon the constituted authorities to furnish them with the necessary protection to their property, and to the lives of their workers, against the threatened attack of rioters or strikers; and that it shall be incumbent upon the constituted authorities to furnish such protection in the way of police or deputy sheriffs, and that a failure on their part to do this shall lay the political subdivision in which such damage to life or property may take place liable to damages. That all individuals denied their constitutional rights of habeas corpus, free access to public highways, free speech, etc., shall have similar power of action in damages against the political division in which such denial takes place. That all highways now claimed as private property shall be made public.

That the militia of the several States being subject to regulation by Congress, carefully drawn rules for their personal organization and conduct in the field shall be drawn up by the War Department, after conference with the Industrial Commission and advisory council, and that all parties arrested by the militia during the time of troubles shall be turned over for trial to the civil authorities. Similar rules should be drawn up by State authorities, with the cooperation of the State industrial commission and its advisory council, for the regulation of State constabulary. The War Department, with the aid of the Industrial Commission and advisory council, should investigate and recommend legislation regarding the shipment of arms and guards in interstate commerce.

One of the principal reasons why corporations are compelled to employ private guards is the failure of the taxpayers to provide them. This is also one of the principal reasons why laborers and labor organizers are denied their constitutional rights. Taxpayers take little part in the elections or otherwise to provide officials competent to and willing to protect the rights both of capital and labor, because the invasion of these rights does not affect them. This would be changed if the political subdivision were made liable in damages. Yet it is not proper, as has been done in some States, to provide for protection of property in this way without providing also for protection of labor in the same way. Laws designed to regulate deputy sheriffs or the police force can not be made effective under our system of local government without liability of taxpayers for violation.

The drafting of rules for the conduct of militia or State constabulary should not be left entirely to military authorities but should be drafted with the joint discussion and advice of employers and employees, who are more directly affected than other classes in the community. It is not intended that the Industrial Commission or advisory council shall have a veto on any regulations issued by the military or police authorities, but they should have opportunity for criticism and advice. The entire subject of policing industry has not been sufficiently investigated from all points of view, and more specific recommendations than these can not now be indorsed. It is therefore recommended above that further investigations from all points of view should be referred to the proper Federal and State authorities, assisted by the representatives of all interests affected.

LEGAL AID.

11. State commissions (and perhaps the Federal Commission) should render aid and assistance to deserving workmen in the adjustment of disputes other than collective disputes, and the recovery of claims arising out of their relations with their employers, and generally take such action as may be necessary for the protection of employees from fraud, extortion, exploitation, and other improper practices. For this purpose the commission to be authorized to assign members of its staff to appear in justice and other courts which adjudicate such claims, and to create local advisory committees of employers and employees to pass upon all such claims in cooperation with the deputy of the commission and in advance of court procedure.

This recommendation has been partly adopted in the New York act. An examination of the reports of existing public agencies of this sort and of the legal aid societies of the large cities of this country shows that by far the largest single class of cases with which they are called upon to deal is the adjustment of small wage claims. In some communities there already exist municipal and other so-called "poor men's courts" and "small debtors' courts," intended especially for the speedy settlement of small claims and disputes; but even the best of these courts are scarcely sufficient in themselves to meet the situation which confronts many employees. In some of them a very large proportion of disputes over small wage claims, in some instances as high as 90 per cent, can be settled if the two parties can only be brought together under conditions which make it certain that if a settlement is not made there is some one standing back of deserving claimants ready to push their cases.

Then, too, these cases frequently involve a general practice from which many individuals suffer, and yet it is impractical for any one of them to take the necessary action to secure redress or put an end to the practice. Members of a given class are often made the victims of exploitation or improper practices under conditions where it is not practical nor worth while for any individual to fight the matter out, and yet where the aggregate loss to the class is considerable. The ordinary shipper is generally able to pay for necessary legal services, and still Congress and a number of the State legislatures have required the Interstate Commerce Commission and the State commissions to render just such aid to shippers having claims against

railroads, because of the economic disadvantage in which an individual shipper is placed in a contest with the railroads. That employees stand in need of such protection from the State is evidenced by the mass of labor legislation which has been enacted and the agencies which have been created for its administration.

Nor does such provision lack precedents other than the railroad legislation already referred to. For some years the bureau of industry and immigration of the New York Labor Department has, in cooperation with the New York Legal Aid Society, extended just such assistance to immigrants, and almost the exact provision here recommended has been included in the industrial commission law just enacted in New York.

Kansas City maintains its own legal aid bureau as part of the city government, and of the five or six thousand cases a year handled by it, almost half are wage claims. The largest class of cases handled by the public defender of Los Angeles is wage claims.

The above recommendation is intended to establish in the United States a system analogous to the industrial courts of France, Germany, and other European countries. But it can not be expected that many localities will initiate this class of courts, and it will require a State commission to make them general. If municipalities were given authority and then actually established such courts, the State commission would withdraw.

LEGISLATION.

12. The Industrial Commission, upon request of the legislature or Congress, or the committee on relations between capital and labor, to investigate a subject and draft bills. The commission to make recommendations regarding legislation affecting subjects under its jurisdiction.

It is not proposed that the Industrial Commission shall initiate legislation or make recommendations, except on laws previously assigned to it for administration. Matters outside its jurisdiction would bring it into the political and controversial field. Yet when Congress or the legislature is considering new legislation, such as sickness insurance, unemployment insurance, and so on, it might refer the matter, in its own discretion, for further investigation and recommendation. Advanced legislation is fought out by lobbies and in committees, and the advantage of reference to the Industrial Commission would be the cooperation of its advisory council in drafting a workable law, eliminating "jokers," and carrying out the intent of the legislature. At present there is no definite means provided whereby lobbyists can be required to come together and confer regarding measures. They appear usually as antagonists or lawyers before legislative committees, and not as the conferees of an advisory representative council. This proposition is by no means a novel or untried one. After fruitless administration of the impractical coal-mining laws, which had been placed on the statute books mainly by the labor unions of Illinois and Colorado, the legislature turned the matter of revising the mining code over to a joint committee selected by the coal operators and the mine workers' union, and then enacted into law, without amendment, the code which the two

opposing interests, in conference with the legislative committee, jointly recommended. The advisory committee on apprenticeship of the Wisconsin commission has recently agreed upon an apprenticeship law satisfactory to employers, trade unions, and the commission, and this was adopted by the legislature without change. This method of legislation can be indefinitely extended to all matters, with the result that, while both sides protect their own interests, they often eventually reach agreement on points where their interests and those of the public are common.

This, of course, does not do away with the final authority of Congress or the legislature, nor with the battle of opposing interests in the legislative branch of government where they have not been able to agree, nor where other interests are affected. Here is the proper place for the lobbyists of both sides to endeavor to get the support of representatives of the people, and to override the other side. There could not be much of the advanced legislation required to meet the problems of capital and labor without a struggle in the legislature or Congress on new issues. But when the legislature is ready to take an advanced step, it is an advantage to require the combatants to confer on the details and to subject their differences to investigation by an impartial body on which they have representation. This advantage is intended in the above recommendation.

SUPREME COURTS.

13. At the request of the Supreme Court (State or Federal) the Industrial Commission shall investigate and report upon any questions of fact referred to it by the court and bearing upon the constitutionality or reasonableness of any Federal or State statute or administrative rule on the relations of employer and employee. Amendment of the judicature act so as to permit a State to appeal from its own supreme court to the Federal Supreme Court on a decision against a State based on conflict with the Federal Constitution.

While the principles of law are held to be settled and unchangeable, their applications change when conditions change. Decisions of the courts on the constitutionality of labor laws often turn on the information which is placed before the court as to the necessity of the law. The Supreme Court declared an eight-hour law for miners constitutional and a ten-hour law for bakers unconstitutional largely because it was furnished with conclusive information on conditions in the mines but not in the bakeries. (*Holden v. Hardy*, 1898, 169 U. S. 366; *Lochner v. New York*, 1907, 198 U. S. 45.) The court of New York in 1907 declared (*People v. Williams*, 189 N. Y. 181) a law prohibiting night work for women unconstitutional, but held a similar law constitutional in 1915 (*People v. Schweinler Press*, 214 N. Y. 395), and gave as the reason for its change of opinion the evidence placed before it in the second case. The court said in 1915:

1. It is urged that whatever might be our original views concerning this statute, our decision in *People v. Williams* (1907) is an adjudication which ought to bind us to the conclusion that it is unconstitutional. While it may be that this argument is not without an apparent and superficial foundation and ought to be fairly met, I think that a full consideration of the *Williams* case and of the present one will show that they may be really and substantially differentiated, and that we should not be and are not committed by what was

said and decided in the former to the view that the legislature had no power to adopt the present statute. * * *

While theoretically we may have been able to take judicial notice of some of the facts and some of the legislation now called to our attention as sustaining the belief and opinion that night work in factories is widely and substantially injurious to the health of women, actually very few of these facts were called to our attention, and the argument to uphold the law on that ground was brief and inconsequential.

Especially and necessarily was there lacking evidence of the extent to which during the intervening years the opinion and belief have spread and strengthened that such night work is injurious to women; of the laws, as indicating such belief, since adopted by several of our own States and by large European countries, and the report made to the legislature by its own agency, the factory investigating commission, based on investigation of actual conditions and study of scientific and medical opinion that night work by women in factories is generally injurious and ought to be prohibited.

Other illustrations might be given showing the way in which courts respond to the needs of progressive legislation when once they have before them ascertained facts. Investigations by attorneys or interested parties may have a certain weight in court, but the weight can not be as great as the investigations and findings of an impartial commission, supervised by representatives of the interests affected by the decision. Criticism of the courts for decisions overturning laws designed to protect labor, and the demands for constitutional amendments depriving the court of power to declare laws unconstitutional, or providing for recall of decisions or recall of judges, often fail to reach the real difficulty. The difficulty is that bureaus or departments of labor and statistics have been so incompetently managed or their investigations so remote from the concrete facts that need to be established that the courts have had no reliable information and have been compelled to fall back on their own meager information or "common knowledge." If the court had at hand a reliable and well-equipped referee with power to get the facts, as in the Industrial Commission, it is probable that it would call upon such referee instead of basing its judgment on the doubtful claims and technical arguments of attorneys.

It will be noted, however, that this recommendation is merely supplementary to those in paragraphs 6 and 7. In those paragraphs the rules and regulations of the commission itself dealing with labor conditions are tested before the court, and they are made *prima facie* valid and reasonable as based on adequate investigation. The present recommendation is optional with the court and may pertain to an act of the legislature or the rule of an administrative body upon which the court is not reliably informed as to the facts.

A provision similar to this is included in the recent Federal Trade Commission act (sec. 7).

The recommendation for amendment by Congress of the judicature act is based on the fact that private individuals or corporations can now appeal to the Federal courts if the decision of the State court is against them, on the ground of conflict with the Federal Constitution, but the State itself can not appeal if its own State court has decided against the State on the ground that the State law conflicts with the Federal Constitution. It is sufficient that a State court should decide issues under the State Constitution, but the Federal Supreme Court alone should decide finally all issues under the Federal Constitution. With the provision that the Supreme Court

should require the Industrial Commission to investigate and report upon the facts which are alleged to justify the State legislation in question, the way is prepared for the Supreme Court to have before it the economic and social facts necessary to pass intelligently upon these questions of constitutionality.

MEDIATION AND MINIMUM WAGE.

14. The Industrial Commission (State or Federal) shall appoint, remove, and fix the compensation of a chief mediator of industrial disputes, the chief mediator to hold his position until removed by the Industrial Commission and to appoint such assistants as may be needed, and to fix their compensation with the approval of the Industrial Commission. He should appoint temporary mediators for special cases, without requiring them to give up their private business or offices.

The chief mediator and all assistant mediators to be selected from an eligible list prepared by the Civil Service Commission on a nonassembled examination, with the assistance of the Industrial Commission and the advisory council.

The chief mediator and his staff to have no powers whatever of compulsory testimony and to be prohibited from arbitrating any dispute, from making any public recommendation, or from revealing in any way, directly or indirectly, any information which they may have secured from any parties relative to an industrial dispute. Any violation to be sufficient ground for immediate removal by the Industrial Commission. The powers of the mediators to be those solely of voluntary mediation or conciliation, but the chief mediator shall offer his services in confidence to both sides of a dispute which, in his judgment, is of public importance.

The chief mediator and his staff to be wholly independent of the Industrial Commission, except as to appointment and removal, to the extent that they be prohibited from reporting any facts or recommendations whatever to the Industrial Commission or any other authority relative to the merits of any industrial dispute.

In case the mediator is unable to secure an agreement through conciliation, he shall recommend arbitration to both parties, and if both consent to abide by the decision of arbitrators he shall proceed to assist them in selecting a board of arbitration in any way and consisting of any number of members that both sides may agree upon. If agreement is not reached within a specified time on the third party to the board of mediation, the chief mediator shall appoint the same.

In case both parties do not consent to arbitration the mediator shall recommend the appointment of a board of mediation and investigation, which shall have power to make public its findings and recommendations, but such recommendations shall not be binding on any person. If both parties shall consent to such a board, the mediator shall assist them in creating the same and shall appoint the third member, if the parties can not agree on the same within a specified number of days.

In case both parties accept either a board of arbitration or a board of mediation and investigation, such board, as the case may be, shall

have power of compelling testimony. The Newlands Act and the Department of Labor act should be so amended that all mediation and conciliation, whether on railways or in other industries, shall be consolidated under the mediator of the Federal Industrial Commission. The Federal commission should cooperate with State mediators.

In the case of women and children, minimum wage boards should be created by the State industrial commissions.

The foregoing recommendation is intended to provide for strictly "voluntary" methods of mediation and arbitration. When engaged in this branch of its work the commission is not only prohibited from using its compulsory powers, but its mediation work is so rigidly separated from its other work that it can not even be suspected of using the coercive power of Government to favor either side. The mediator and his staff are to be strictly confidential advisors to the opposing interests, without the power of Government, or even the threat of using that power, to coerce either side of a collective dispute. If coercion is used in the form of "compulsory testimony" it is only with the previous voluntary consent of both sides.

The reasons for reaching this conclusion, and for recommending that in other branches of its work the proposed commission shall have the ordinary coercive powers of Government, are based on the fundamental distinction between collective bargaining and the individual labor contract. The principle in general is, that Government should not employ its coercive powers to regulate collective bargaining, but should, in certain matters, employ the force of law and administration to regulate the individual labor contract. It does the latter through laws on child labor, hours of labor, safety and health, workmen's compensation, sickness insurance, minimum wage, and so on.

Collective bargaining, in its last analysis, is based upon the coercive power of antagonistic classes organized for aggression and defense. The bargaining power of either side is the power to use the strike against the lockout, the boycott against the blacklist, the picket against the strikebreaker, the closed union shop against the closed nonunion shop, and so on. These are essential weapons, and no plausible verbiage or double meaning of words should blind us to the fact that these weapons are coercive, and are intended to be coercive, and, in the last analysis, will be used, secretly or openly, as coercive, by either side. Their object is similar to legislation regulating the individual labor contract except that they regulate it through joint agreement backed by their coercive weapons, instead of fines and imprisonment.

The question then is, Shall the coercive power of Government be used to deprive one side or the other, or both sides, of any or all of their coercive weapons designed to control the individual labor contract?

The most extreme use of this power is known as compulsory arbitration. Here the Government attempts to deprive both sides of all coercive weapons by completely prohibiting strikes, lockouts, boycotts, blacklists, picketing, and strikebreaking, and by preventing either side from using its methods of strategy designed to overcome the other side.

But the Government may use its coercive power to deprive either side of only a part of its weapons or strategies. Arbitration, or a joint agreement, consists of several steps, and at each step each side either employs its weapons or else resorts to strategy in order to play for position and to gain an advantage when it comes to using the weapons.

The first step in strategy of collective bargaining is recognition of the union; that is, recognition by the employer of the representatives of the union by consenting to confer with them. How important this preliminary step is considered by both sides is shown by the meaning which they give to the term "recognition." To "recognize a union" is considered to be not to merely hold a conference with its agents, but also to investigate grievances and demands, to negotiate concerning the terms of a collective agreement, and even to employ union men on terms consented to by the union. Strictly speaking, these are not "recognition," but are steps in collective bargaining that follow recognition. Recognition in the ordinary use of the term (the one here used) would be merely a conference in which the employer meets certain individuals, not as individuals but as recognized agents of the union authorized to speak on behalf of his employees. But it is so well understood that recognition, even in this limited sense, will be followed by other steps, that the decisive battle is often fought out at this point. The employer knows that, if he meets the leaders, the union has gained an advantage. He has acknowledged to all nonunionists and timid unionists in his shop that the union is something he can not ignore, and this is a flag of truce and a concession for his employees to join the union or come out openly on its side. By just so much he has weakened his bargaining power against the union. Consequently, if he has decided not to have a certain union in his shop he must refuse at the very beginning to confer with its agents.

If, then, the Government steps in and compels both sides to confer, it may take the first step in the name of "compulsory investigation" or "compulsory testimony," without power to prevent a strike or lockout. If the Government is given power to step in and compel the employer and employee to testify, to produce papers and records, it is attempting to substitute compulsion for voluntary consent at two important steps of collective bargaining. It introduces compulsory recognition and compulsory negotiation¹ under the guise of "compulsory testimony." The mere compulsion on employers, through prosecutions, as proposed by our colleagues, to compel employers to confer with unions, can have no result, unless it be accompanied by compulsion to investigate, as in the Canadian and Colorado acts, or to arbitrate, as in Australia. If employers are compelled merely to confer they can, of course, reject all propositions, and the nominal recognition of the union thereby secured would only be a further opportunity for declaring their determination not to

¹These terms may appear ridiculous, but they are not more ridiculous than the term "compulsory arbitration." Arbitration, strictly speaking, is the voluntary consent of both parties to refer a dispute to a third person and to accept and carry out his decision. It is no longer "arbitration" if the Government coerces the parties by constituting itself the third party and compelling them to accept and carry out the decision. But if, in common usage, we have agreed to forget the absurdity of compulsory arbitration, we can also forget the same absurdity in the terms "compulsory recognition" and "compulsory negotiation."

recognize the union. If such a law is intended to accomplish anything it should go further and compel the employers to submit to compulsory investigation or compulsory arbitration, and this would mean compulsion also on the unions to confer and testify or to arbitrate.

In our hearings in San Francisco we found unions that refused to meet the employers for a joint agreement, but required them to sign up individually the demands which the unions had already decided upon. This can not properly be called collective bargaining or recognition of an employers' association any more than the decision of employers not to deal collectively but to deal with their employees individually. A law requiring employers to confer with and recognize unions should also require unions to confer with and recognize employers, and if this is made effective it would result in something like the Canadian or Colorado acts, described below. Employers who are strongly fortified against unions object to compulsory testimony because it weakens their bargaining power, but employers dealing with strong unions desire it because by recognizing the union they have already consented to investigation. Their next step is to compel the unions to wait for the investigation before striking.

This next step in collective bargaining is usually a provision that both sides shall continue at work or return to work while investigation and determination is in progress. This is, of course, the great object of arbitration, and practically all voluntary methods provide that work shall continue while arbitration is going on. This provision is recognized in the Canadian industrial disputes investigation act, latterly adopted by New Zealand and Colorado. The Government prohibits either side from a strike or lockout for 30 days, pending compulsory testimony and recommendation, but the parties are not compelled to accept the recommendation. After the 30 days have expired they may start their strike or lockout without any legal penalty. The Government meanwhile invites each side to appoint its representatives on a board of investigation and mediation and the two to select a third member. If either side refuses to appoint its representative the Government steps in and names the representative. If both sides are unable to agree on the third member the Government again steps in and names the third member. In other words, the Government coerces each side to go through the same forms that they would do if they agreed voluntarily to refer a dispute to arbitration, and it prohibits them from strike or lockout pending a finding and recommendation. This is compulsory recognition, compulsory negotiation, compulsory testimony, and compulsory labor pending investigation, but without compulsion after investigation.

On the other hand, the weak union favors compulsory conference and recognition because it seems to give it an advantage in bargaining. Both strong and weak unions are opposed to compulsory testimony because they get the equivalent by recognition, and they fear that it will lead to the compulsory waiting of the Canadian act. For these reasons the Canadian system should be put in the same class as compulsory arbitration, since the Government interferes to weaken or strengthen the collective bargaining power of either side. This

is the essential point of Government intervention. The term "arbitration" is misleading because it signifies the voluntary agreement on an umpire and the voluntary acceptance of his award. But arbitration can not be voluntary when the Government throws its coercive power to one side or the other by appointing a representative of either side, or an umpire, on the arbitration board without the consent of both sides. This is coercive interference with collective bargaining power, which is the essential element in compulsory arbitration.

For this reason it can not be claimed that the Canadian system is "voluntary arbitration." This term is also misleading. Collective bargaining is not voluntary in the same sense that individual bargaining is voluntary, since it depends on certain coercive weapons such as strikes, boycotts, blacklists, and so on, together with strategy in using these weapons, and these are not instruments in individual bargaining. All that is meant by voluntary arbitration is that the Government does not use its coercive power to weaken or strengthen the collective coercion of either side.

The first object of the Canadian law is the commendable one of bringing both parties together for investigation of the demands and grievances, with the hope that, by delaying hostilities for 30 days, time will be given for mediation, conciliation, and a voluntary agreement. For this reason the boards created are properly called boards of "mediation and investigation." It often occurs that within the 30 days both sides reach such a voluntary agreement and, if so, the board is dissolved after approving the agreement.

The second object is, in case a voluntary agreement is not reached by this kind of mediation within 30 days, that the publication of a set of recommendations by the board will bring to bear the pressure of public opinion on both sides so that they will feel obliged to accept the recommendations and continue at work. Compulsory recognition, negotiation, and testimony are used as the means of coercion through the support that public opinion may give to the Government.

But mere public opinion is not enough to accomplish this object. The next step is the compulsory arbitration of Australasia, which brings the power of fine and imprisonment to enforce an award made by a public official.

It is believed that any of these compulsory methods are unsuited to American conditions, and that the foregoing recommendation for a voluntary board of investigation, adapted from the Canadian act but without its compulsory features, will prove a valuable addition to the present Newlands Act, which goes only as far as voluntary arbitration in interstate railroad disputes. If one party or the other refuses to accept a board of arbitration with power to make a binding award, it is proposed that the mediator shall invite both to create a board of investigation with power to take testimony and to make recommendations which are not binding as an award. The jurisdiction of the Newlands Act is proposed to be extended under the Federal Commission to all labor disputes in all industries engaged in interstate commerce. It is believed that in many cases of serious public concern neither side can afford to reject an offer on the part of the Government to use its powers of compulsory testimony to ascertain the facts and to make recommendations, provided the

recognize the union. If such a law is intended to accomplish anything it should go further and compel the employers to submit to compulsory investigation or compulsory arbitration, and this would mean compulsion also on the unions to confer and testify or to arbitrate.

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or order of a commission is effected by the penalties of imprisonment, fines, or damages. A minimum wage law, for example, may differ in no respect from a joint agreement with a union, except that the one is enforced by legal penalties or the threat of penalties, and the other by a strike or the threat of a strike.

The practical conclusion to be drawn from this distinction is that, since a State industrial commission may be both a mediator and a minimum wage commission, it should act only as a voluntary mediator where a union is actually in operation and securing agreements. But where there is no effective union there the minimum wage should apply. This is the condition of women and child workers, and for them the State, but not the Federal commission, should create advisory minimum wage boards, which, acting with the women inspectors of the commission, should make investigation and recommend the minimum wage and other conditions to the industrial commission. The last named would then hold public hearings and the rules of law would apply as already outlined in preceding paragraphs.

The same principle applies to other labor legislation which regulates the individual labor contract, such as child labor laws, workmen's compensation, safety, health, employment offices, legal aid, mechanics' liens, and so on. These are matters which are not usually an issue in collective bargaining even of unions composed of men, and do not usually lead to strikes or lockouts. Neither is the individual workman, in making his contract of employment, able to protect himself in these matters. When government here comes to the aid of the weaker party to the wage bargain, it is not usually intervening in the field of collective bargaining. The situation is different in matters of wages, hours of labor, and shop rules which govern the manner of work, dismissals, promotions, and so on. Where unions show themselves strong enough to protect individuals in these matters the function of government should, as far as possible, be limited to voluntary mediation.

It doubtless has appealed to some people who consider the employer's position more powerful than that of the union, that the employer should be compelled in some way to deal with unions, or at least to confer with their representatives. But, if the State recognizes any particular union by requiring the employer to recognize it, the State must necessarily guarantee the union to the extent that it must strip it of any abuses that it may practice. The State might be compelled to regulate its initiation fees and dues, its apprenticeship ratio, its violation of agreements, and all of the other abuses on account of which the employer refuses to deal with it. This is exactly what is done through compulsory arbitration, and there is no place where the State can stop if it brings compulsion to bear on the employers without also regulating by compulsion the unions. If so, the whole question is transferred to politics, and the unions which attempt to use a friendly party to regulate the employer may find a hostile party regulating them. We believe that collective bargaining and joint agreements are preferable to individual bargaining, and we believe that the general public should support the unions in their efforts to secure collective agreements. But this can only be done through the influence of public opinion without the force of law. It is based on the conclusion that two opposing organizations, equally strong, are able to drive out abuses practiced by the other. This is

very different from recommending that the Government should step in and drive out the abuses.

This conclusion and recommendation in favor of voluntary mediation is based also, in part, as already stated, on the distinction between collective bargaining and the individual labor contract. While Government for the past 80 years has been wisely interfering more and more with the individual labor contract, through child labor laws, wage payment laws, mechanics' liens, workmen's compensation, and so on, for the benefit of the weaker party, yet in matters of governmental interference with collective bargaining, we have to deal with great organized, hostile interests that are capable of using their power in the politics of the country, in the administration of labor laws, and even in the courts of justice. Any interference with their collective bargaining power forces them to get control, if possible, of the political parties or the executive and administrative officials, or the courts, that interfere. The result is more far-reaching and destructive than the mere decision one way or another in a particular dispute. It tends to corrupt or to discredit or to make inefficient the Government itself. This country is so large, with such extremes of sectional interests, with industrial and class interests, with nationality and race interests, and with such extremes of wages and costs of living, that it is an easy matter for these powerful organized interests to make alliances with others for the appointment or control of officials. When this is done, neither side can have confidence in the mediators or arbitrators who are chosen without their consent. A system, even though compulsory only in part, is likely to break down after a few decisions which are resented by either side. The department or commission responsible for the decision loses confidence and therefore usefulness. For this reason the weakest part of our recommendation is that the mediator shall appoint the third party to a voluntary board of arbitration or a voluntary board of investigation in case the two parties can not agree. It seems necessary that some authority be given that power. But the mediator is likely to lose the confidence of the side that loses in an arbitration, since he will be held responsible for the arbitrator whom he appointed. This might incapacitate him for future mediation. But we can think of no other agency that would be acceptable to both sides. If the mayor, or the governor or the President appoints the third man, employers would object. If the courts were to appoint him the unions would object. We are forced to recommend that this authority be given to the mediator, but we propose that he should not be tied down to any procedure that would prevent him from devising any system that his ingenuity might suggest rather than fall back on his precarious power of appointing the odd man.

After considering all forms of governmental compulsion in collective disputes and even admitting their partial success in other countries, we conclude that, on the whole, in this country as much can be accomplished in the long run by strictly voluntary methods as by compulsory methods of avoiding strikes and lockouts. It can not be expected that strikes and lockouts can be abolished altogether. Even countries with compulsory systems have not succeeded in preventing all of them. In our country, the voluntary method in collective bargaining avoids the much more serious evil of discrediting the agencies of Government which must be looked to for impartial enforcement of

laws affecting the individual labor contract. It is to the enactment and enforcement of laws protecting laborers as individuals that we must look for the removal of underlying causes of industrial unrest and for the eventual reduction of strikes that now spring from the cumulative abuses that individuals suffer without other effective remedies. But the removal of these abuses can not be accomplished without the efficient and nonpartisan administration of laws, and this is the main purport of our recommendation for industrial commissions to regulate the individual labor contract.

TRADE DISPUTES.

15. Congress and the State legislatures to enact laws similar to the British trades disputes act of 1906, relieving employers' associations and labor unions, as well as their members, officers, or agents, when acting in their behalf, of criminal suits, damage suits, and injunctions on account solely of combination or conspiracy connected with a labor dispute, when the act would be lawful if done by one person. Such laws would permit the use by either side without legal penalty of its weapons of closed union shop and closed nonunion shop, of strike and lockout, boycott and blacklist, peaceful picketing and strike-breaking, peaceful inducement to break a contract to work or to break off allegiance with a union, in pursuance of an effort to win a labor dispute. The law would not prevent prosecutions for conspiracy where the act if done by one person would be a crime. We copy below sections of the British trades disputes act as indicating the kind of legislation which with modifications to suit American laws would probably reach these objects:

Conspiracy.—An agreement or combination by two or more persons to do or procure to be done any act in contemplation or furtherance of a trade dispute between employers and workmen shall not be indictable as a conspiracy if such an act committed by one person would not be punishable as a crime. * * * An act done in pursuance of an agreement or combination by two or more persons shall, if done in contemplation or furtherance of a trade dispute, not be actionable unless the act, if done without any such agreement or combination, would be actionable.

Damages.—An action against a trade-union, whether of workmen or masters, or against any members or officials thereof on behalf of themselves and all other members of the trade-union, in respect of any tortious act alleged to have been committed by or on behalf of the trade-union, shall not be entertained by any court.

Breach of contract and interference with business.—An act done by a person in contemplation or furtherance of a trade dispute shall not be actionable on the ground only that it induces some other person to break a contract of employment, or that it is an interference with the trade, business, or employment of some other person or with the right of some other person to dispose of his capital or his labor as he wills.

Picketing and sabotage.—It shall be lawful for one or more persons, acting either on their own behalf or on behalf of a trade-union or of an individual employer or firm in contemplation or furtherance of a trade dispute, to attend at or near a house or place where a person resides or works or carries on business or happens to be, if they so attend merely for the purpose of peacefully obtaining or communicating information or of peacefully persuading any person to work or abstain from working.

Every person who, with a view to compel any other person to abstain from doing or to do any act which such other person has a legal right to do or abstain from doing, wrongfully and without legal authority—

1. Uses violence to or intimidates such other person or his wife or children or injures his property; or,
2. Persistently follows such other person about from place to place; or,

3. Hides any tools, clothes, or other property owned or used by the other person or deprives him of or hinders him in the use thereof; or,

4. Watches or besets the house or other place where such person resides, or works, or carries on business, or happens to be, or the approach to such house or place; or,

5. Follows such other person with two or more other persons in a disorderly manner in or through any street or road,

shall, on conviction thereof by a court of summary jurisdiction, or an indictment as hereinafter mentioned, be liable either to pay a penalty not exceeding £20, or to be imprisoned for a term not exceeding three months, with or without hard labor.

It is apparent from all the preceding recommendations that the creation of industrial commissions with advisory councils, depends for its success on the permanency of organizations of employers and organizations of laborers. It is only as we have organizations that we can have real representation. The preceding recommendations are designed, through salaried positions for civil service appointees and unsalaried positions for the representatives of organizations, to keep the latter continuously responsible to the organizations that elect and recall them. For this reason any policy of Government that tends to destroy the organizations or to compel them to hide their operations in secrecy tends to weaken the basis upon which improvement in the enactment and administration of labor law must be based. Such a policy is that which permits employers to collect damages, and in a lesser degree to secure injunctions against unions without at the same time effectually permitting unions to bring similar proceedings against employers' associations. The decision in the case of the hatters' union (208 U. S., 274) awarding heavy damages for boycotting against practically all members of the local union, will make it possible to collect damages in all cases where an unlawful conspiracy is shown. Since damages arise from all strikes and boycotts, there is no conceivable limit to which suits for damages can be brought. The result must be the weakening or destruction of unions or driving them into secrecy and a more generally avowed policy of violence.

This policy also brings the courts into the field of collective bargaining, and necessarily leads, sooner or later, to the efforts of both sides to control the judicial as well as the administrative and legislative branches of Government. Just as our earlier recommendations were intended, in part, to take the administration of labor law out of the hands of either side and to make it a joint affair, so this recommendation is intended, in part, to relieve the courts of similar partisanship in matters of collective bargaining. It is believed that strong organizations of employers and employees are much more capable than the courts of holding each other in check and preventing abuses on either side. The recommendation is intended to recognize the collective weapons of both sides as the means of securing this result, and yet, through the Industrial Commission and its advisory council, including mediators and the efficient enforcement of labor laws, to minimize the necessity of resorting to these weapons.

The so-called Clayton Act of 1913 was supposed by some lawyers to accomplish the result intended in the foregoing recommendation, but other lawyers contend that the law of conspiracy has not been changed by the act. At any rate, the law does not apply to the States, only one of which, California, has adopted a similar law, and

another, Massachusetts, has withheld adoption owing to an unfavorable reply by the Supreme Court on the question propounded by the legislature. It is admitted that the British act accomplishes the intended purpose, and consequently we take it as the model in case these other acts are found, under court decisions, not to do so.

The recommendation is, as already said, intended to prevent the courts from interfering with the collective weapons, provided they are peaceful, that either side uses to defeat the other side. It is recognized, of course, that these weapons are coercive and are intended to be coercive, but they are not coercive in the sense of physical violence. They are coercive only in the sense that numbers of people acting together to do an act lawful for each separately have more power over individuals than a single individual acting by himself would ordinarily have. But even an individual acting alone may have the same kind of coercive power, which in his case would be lawful, as, for example, when an employer compels a union man to give up his membership in a union by threatening to discharge him if he does not. This kind of individual coercion is held to be entirely lawful, and any State or Federal statute which prevents the employer from using such coercion is unconstitutional. This is so even if the employer is a corporation with thousands of stockholders and bondholders, for the corporation is held to be, for that purpose, not a conspiracy, but a single person. By declaring laws unconstitutional which attempt to deprive the employer or corporation of the right to discharge a man on account of his unionism, the court steps in to prohibit the State from depriving the employer of a coercive weapon used to defeat the union. It prohibits a State from depriving an employer of the closed nonunion shop as a coercive weapon against unions.

A counterweapon which the union has is the closed union shop. If the employer discharges or threatens to discharge one of his employees on account of his membership in a union, the only effective weapon that the employee may have, in order to retain his membership, may be a strike or the threat of a strike by his union to compel the employer to discharge all nonunion men. In some States a strike for such a purpose, under the decisions of the courts, is unlawful, on the ground that it is a conspiracy to compel the employer to give up his right to employ whom he pleases, or a conspiracy to deprive the nonunion man of his right to work for whom he pleases. The foregoing recommendation is intended to make it plain that no employer or union of employers shall be prevented by law or by a court from running a closed nonunion shop if he can, and no union shall be prevented from compelling him to run a closed union shop if it can, so long as the method would be lawful for a person not backed by a union.

In a similar way it is lawful for an employer to furnish other employers, whether members of his association or not, with information as to whether an employee is a member of a union or a union agitator, and to file such information in the employment bureau of an employers' association. If the workman can not prevent his employer by law from discharging him on account of unionism, much less can he require another employer to hire him. It is lawful also for an employers' association to expel a member who refuses to comply with a nonunion rule, and, except in case of a public utility, to

refuse to deal with him or to discriminate against him. Furthermore, since other employers' rights of furnishing information to fellow employers are so great, it is practically impossible to get proof that they contain the malicious purpose which constitutes a blacklist, and statutes preventing employers from using some of these legal rights have been held unconstitutional. But, as a rule, the employers' blacklist does not need to go to these extreme measures permitted by law, because it is effective short of these measures.

The case is different with the union's weapon, the boycott. To carry out a boycott the union must circulate "unfair lists" and must induce as many persons as possible to withdraw their patronage. The courts distinguish between the primary boycott and the secondary boycott. The former is perhaps legal in some cases, just as a strike is legal, for it is merely the refusal to patronize an employer on the part of the same persons, or their fellow unionists, who have struck against the employer, or who are locked out or blacklisted by him or his association. It is doubtful, though, whether this primary boycott is legal if it extends to members of unions other than the one directly injured. The American Federation of Labor, for example, can not carry out a primary boycott on goods which the hatters' union has boycotted, since it is prohibited from publishing the information. And even the strike and the primary boycott are sometimes unlawful if the court holds that the purpose or the means are unlawful. The courts will not directly enjoin either a strike or a primary boycott. They can not compel a man to work or to purchase. But they can make the unlawful strike or primary boycott ineffective by enjoining even peaceful picketing or persuasion, or the circulation of "unfair lists" designed to notify others that the boycott is on.

But the secondary boycott is generally held illegal because it is an additional boycott placed upon a third party, usually a merchant, who continues to sell the goods of the boycotted employer. As to this third party the boycott is primary, and he can secure an injunction or damages on the ground of conspiracy to injure him without just cause, or to compel him to break a contract, if he considers the damage to himself worth while. But boycott suits are not often brought by third parties, either because the damage to them is usually slight, since they only need to patronize other manufacturers whose goods the boycotters are willing to buy, or because the courts protect them through suits brought by the party originally boycotted. The employer originally boycotted would not secure protection if he depended on a hundred or a thousand boycotted merchants not seriously concerned to bring separate suits. Consequently the vast majority of boycott cases are brought by the person primarily boycotted, in order to prevent the spread of boycotts to other persons who deal with him; in other words, to prevent a secondary boycott against himself. The boycotted employer hides behind the alleged injury done to third parties in order to get damages, not for them, but for himself, as in the case of the Loewe Co. against the hatters' union. The ground of action is not injury to third parties, but interference with the employers' right to have free and uninterrupted business dealings with all who wish to deal with him. This does not seem to be equal treatment of the employers' blacklist which interferes with the unionists' right to have uninterrupted

access to all employers, and the employees' boycott which interferes with the employers' right of access to the commodity market.

The arguments now used to declare the secondary boycott illegal are those formerly used to declare the strike and the primary boycott illegal. Our recommendation simply carries forward another step the effort to secure equality between organized capital and organized labor.

Of the other weapons, the strike and lockout, the employers' association does not usually employ its weapon, because it can force the union to strike or yield, but the strike is illegal if the purpose is illegal, such as the purpose in some States of securing a closed union shop. The recommendation is intended to remove all illegality from the strike.

This recommendation is intended to do away with the doctrine of conspiracy for both employers' associations and labor unions, except in so far as the conspiracy is one to commit what would be a crime for one person, and to do away with all suits for damages, including injunctions to prevent damage, against a union or against its members when acting for the union, except suits for damages against conspirators to commit a crime.

The doctrine of conspiracy is based on the undoubted fact that, while a lawful act done by only one person may be coercive and cause damage, or be intended to cause damage, yet the coercion and damage are ordinarily so small, compared with the social advantage of liberty to do as one pleases, that, except in breach of contract, the court does not entertain a suit at law for damages or for prevention of the coercion that causes damages. Yet the same lawful act, if done by agreement between two or more persons, may reach a point of coercion where the damage, compared with the social advantage of liberty to combine with others, is so serious that the agreement becomes unlawful. Therefore, those who enter into an agreement to do an act which would be lawful without the agreement, or their agents, may be prosecuted for damages or may be prevented by injunction from using the coercive power of numbers to cause the damage. It is this doctrine of conspiracy, or coercion through mere numbers, that is sought to be removed by the recommendation. Individuals and the individual members of unions who conspire with them would continue to be arrested, prosecuted, and punished as individuals or conspirators for all acts which are criminal for them as individuals, but no suit for damages could be brought against the union for acts committed by or on behalf of the union.

In other words, the recommendation removes completely the doctrine of civil conspiracy according to which damages may be collected or injunctions issued. It, however, retains the doctrine that all conspirators who join in procuring an act that is criminal for one person to do are likewise guilty with the person who does it. This might include all the members of a union if all were proven actually to have joined in such a conspiracy. Those who conspired could still be prosecuted and sent to prison, as was done in the case of the officers and members of the structural iron workers for transporting dynamite. The recommendation is not intended to change the law in this respect. It would change the law in the hatters' case.

Employers are already learning the ineffectiveness of the injunction and the danger to themselves of throwing on the courts the

burden of protection which they can as readily secure through their own organizations. With their advantages of position, both as owners of the means of livelihood and the possessors of the power of discharge and of blacklist of union members which goes with the ownership of property, they have a superior power over unions. Our recommendations do not grant employers' associations rights additional to those which they now enjoy in fact; they merely grant the unions corresponding rights.

The British act also defines the kind of picketing that is criminal in that it is not peaceful, and thereby defines what is peaceful picketing. In these cases of illegal or criminal picketing and in the destruction or damage to physical property those who have done the criminal acts and those who have conspired to have them done may be fined and imprisoned, but the union funds or the property of its members not proven to have joined in the criminal conspiracy could not be taken for damages.

Without entering into further details, the object of the recommendation is to place unions and employers' associations upon an equal basis in the use of their competitive weapons.

Regarding the constitutionality of this recommendation it should be noted that it takes both employers' associations and unions from under the operation of the antitrust laws. This differs from the Clayton and other acts which take only unions from under the antitrust laws or common law and might be good ground for declaring these laws unconstitutional. The British act does this by distinguishing between employers as merchants or associations of manufacturers, who sell commodities to the public, and whose bargain may be called the "price bargain," and the same employers in the different function of dealing with labor, and whose bargain is the "wage bargain." The employers, in their function of merchants and manufacturers, or sellers of products or commodities to consumers or the public, continue to come under the antitrust laws, and the Interstate Commerce Commission, the Federal Trade Commission, and the State public utility commissions have been created for the purpose of protecting the public against them as such. These commissions regulate price bargains for commodities or products, between corporations and consumers.

But it does not follow that even the same employers when organized to regulate the wage bargain with employees should be treated as a conspiracy or trust. They perform a very different function and public policy is very different. In the case of the price bargain the public is interested in securing low prices, but in the case of wage bargain it is interested in permitting high wages. Yet the public needs protection against abuses of labor unions as it does against the abuses of trusts. The employers' association stands between organized labor and the public just as the railroad and public utility commissions and the trade commission stand between merchants' or manufacturers' associations and the unorganized public. But the employers' associations are a better protection to the public against the abuses of unions than are the courts. Labor leaders who wish to keep discipline in their unions and the observance of joint agreements realize that they can not do so unless confronted by a strong employers' association. They realize that continued abuses lead eventually to the destruction of their unions. An employer who

stays out of his organization is as culpable as a laborer who stays out of his union. Employers should organize 100 per cent just as the unions endeavor to reach that mark.

It would, therefore, seem to be proper and constitutional classification in the interest of public policy to treat manufacturers under a law prohibiting or regulating trusts and public utilities and to treat the same persons as employers under different laws, like those of mediation and trade disputes, where both employers' associations and trade-unions are given immunities for the use of peaceful coercive weapons which they do not possess under the antitrust laws.

FOUNDATIONS.

16. Considerable attention has been given by this commission to the largest foundations or endowments now in the hands of private trustees. Any proposed legislation on this subject should be preceded by a complete investigation of all foundations and endowments, else the law would have effects not contemplated by the legislature or Congress. Such an investigation would include all endowed charities, endowments of religious organizations and universities and colleges. We are informed that such investigations have been made in England and France, resulting in legislation. The investigation should be complete, covering all aspects of the question and bringing out both the advantages and the disadvantages of such foundations and endowments. The legislature could then act intelligently on the subject.

We are convinced that many of these endowments in private hands have a beneficial effect on the work of State and governmental institutions. Large private universities have set the example and stimulated the States to support and enlarge their State universities. Some of the investigations and reforms started by recent large foundations have already induced Congress and administrative departments to enter the same field and to extend it. In fact, almost everything that Government now does was done at first through private initiative, and it would be a misfortune if private endowments, unless plainly shown to have committed abuses, should be prohibited. Even their abuses can be rectified by the legislature through its control over charters, if reasonable ground can be shown. But it is better, for the most part, that they should go on at their own initiative in order that the people through their Government may see the value of their work and then take it up and extend it more widely than the private foundations are able to do. It is largely for this reason that we recommend a "Federal fund for social welfare" (par. 18), in order that the Nation may compete with or displace private foundations in this vital matter.

However, experience has abundantly shown that there should be no alliance between these private foundations or endowments and the Government. The State or Government should neither subsidize them nor be subsidized by them, nor cooperate with them. Such cooperation has often led to public scandal. Instead of subsidizing private charity the State should use its money to displace it by better and more universal charity. Instead of calling upon private foundations for help, the Government should treat them as competitors.

No effort on the part of Government officials to secure financial assistance from them should be allowed.

SUBSIDIES.

17. The Federal commission to have charge of all subsidies granted to the States for the promotion of industrial education, safety, employment offices, and other matters, as Congress may determine. The commission to meet the expenses of State officials when called together for conferences on standards and uniformity. Subsidies to be granted on condition that the standards are maintained.

The Public Health Service now has authority to call conferences of State health officials and to meet their expenses. The same power should be given to the proposed industrial commission. A large part of the work of the commission will be the field work of advising State officials as to the best methods of administration. This kind of work is now done by the Department of Agriculture and the Public Health Service.

Subsidies are recommended in certain cases because the State governments are not in position to secure adequate funds and as an inducement to bring their standards up to the standards formulated by the Federal commission.

(Funds for this purpose are recommended in paragraph 18.)

FEDERAL FUND FOR SOCIAL WELFARE.

18. A Federal inheritance tax on all estates above \$25,000, beginning at 1 per cent on the excess above \$25,000 and rising to 15 per cent on the excess above \$1,000,000 for the class of direct heirs, such as wife, children, and parents. Higher rates for more remote relatives and strangers. The Federal inheritance tax to be a supertax, added upon the existing rates assessed by the States. Provision, however, to be made that any State which repeals all inheritance tax laws, or refrains from enacting them, shall receive from the Federal Government, say, 50 cents per capita of its population per year. The administration and collection of this tax to be placed in charge of present assessors and collectors of income taxes, who already collect income taxes on estates in the hands of executors. Revenues derived from inheritance taxes to be placed in trust with the Federal Reserve Board for investment in securities approved by Congress. The fund to be known as "Federal fund for social welfare." Expenditures of income derived from such securities to be made under the direction of the Federal industrial commission for such purposes of industrial and social welfare as Congress may authorize. Should the income from investments not be adequate to meet the authorized expenditures, further investments to be withheld and the principal to be expended. Revenues derived from activities of the commission, such as head tax on immigrants, etc., to belong to the fund. Also unexpended balance to be held in the fund for disposition by Congress.

A similar fund collected from immigrants in excess of the expenses of the service is held with accruals for disposition by Congress.

We have previously shown the need of improved administration in providing for any future program of social legislation. We have held that it is useless to undertake any additional labor legislation if effective, nonpartisan machinery of administration is not provided, but even with such machinery it can not be expected that the expense of government will be reduced. In fact, the expenses will be increased, and no legislation should be attempted unless the possibility of getting these revenues is fully considered.

Moreover, these revenues must be continuous, else the whole program will be liable to sudden breakdown through failure of funds. Hostility to labor laws is just as effective when it succeeds in killing appropriations, on the ground of economy, as when it defeats the law itself.

Already the increased expense of administration of labor laws is bringing active and effective protest. The greatest leap in this expense has come with workmen's compensation. So far as this increase is due to inefficiency of the existing political and partisan methods of administration the protest is valid. The remedy consists in improving the efficiency and eliminating the partisanship, and this is the purport of what we have previously said. So far, also, as the increase places excessive burdens of taxation on the already burdensome taxes of the people, the protest also is valid. But here the remedy consists in discovering new sources of revenue that will not be burdensome.

A Federal inheritance tax, partly distributed to the States, seems to be the most appropriate method of securing these new sources of revenue. The principal underlying cause of social unrest is the uncertainty of income of wage earners and small producers. A steady, continuous income, even though it be small in amount, is of more importance than high wages or earnings at certain times and no earnings at other times. This uncertainty of income is the main cause of the dependence, inequality, and oppression which produce conflicts between capital and labor.

The great majority of wage earners can not provide in advance for future contingencies when they will get no income. These contingencies come from accidents, sickness, invalidity, old age, death, unemployment, and the lack of industrial education.

There are two main reasons for this inability to provide for contingencies: (1) Inability in bargaining for wages to take into account future contingencies and future cost of living. The wage earner may be able when bargaining to get enough wages for current cost of living, but he does not include insurance premiums in his notion of current cost, except so-called "industrial insurance" to provide for funeral expense. (2) Lack of thrift and habits of saving, owing in part to their own fault and in part to the contingencies which eat up their savings and bring discouragement. In either case, under competitive industry, the condition may be accepted as permanent.

On the other hand, employers and investors are much more able to provide in advance for a future continuous income against contingencies. All investments are made with reference to equalizing the flow of income over a future period of time in the form of interest or dividends.

Inheritances are the principal means by which owners, without effort or thrift on their part, secure titles to wealth and its future con-

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in the number, can assess and collect inheritance taxes. Executors of estates whose annual incomes amount to \$2,500 or more per year are now required to make returns to collectors of internal revenue, and the only addition required for an inheritance tax is that executors of estates of \$25,000 should make returns of the total value of the estates. This can, of course, be done at the same time when they fill out the blanks which show net incomes. Internal-revenue officials also investigate all cases where it is suspected that full returns of income are not made. No additional officials are therefore required for these purposes. The only addition would be such number of officials as are required for general supervision. The machinery is already in existence, and no tax can be so cheaply administered as a Federal inheritance tax.

The significant feature of the proposed inheritance tax is the high rates on direct heirs, as compared with the very low rates imposed in the States. The estates going to wife and lineal heirs include probably 80 per cent to 90 per cent of all estates, and it is therefore from such estates that the largest revenues are expected. Such estates are scarcely touched by American inheritance tax laws. The sensationally high rates imposed in some States on estates going to strangers and remote heirs are something of a delusion, for scarcely 5 per cent of the estates go to such beneficiaries. The rates on estates going to strangers reach their highest figure at 35 per cent in California on the excess over \$1,000,000 and fall as low as 5 per cent in Pennsylvania and other States. But the rates on the excess over \$1,000,000 going to direct heirs is only 10 per cent in California and falls to 1, 2, or 3 per cent in most of the States. Our recommendation affects mainly these estates going to direct heirs, which are 80 to 90 per cent of all estates, and the highest rate on such estates is 15 per cent on the excess over \$1,000,000. This conforms more nearly to the inheritance taxes of leading European countries which would yield according to various estimates over \$200,000,000 if adopted by the Federal Government of this country.

The following administrative reasons for making the inheritance tax a Federal tax are submitted by Prof. T. S. Adams, of the Wisconsin tax commission, who also suggests the repayment to States as a method of inducing them to yield to the Federal tax. He says:

1. The present system gives rise to a large amount of double or multiple taxation and if the existing laws were enforced, the situation would be unbearable. Most State laws tax the transfer of all securities owned by resident decedents and yet attempt to tax the transfer of some securities owned by non-resident decedents when they represent property in the State passing the law. I have known one block of railroad stock to be assessed in Wisconsin (residence of decedent), in Illinois (where the stock was deposited in a trust company), and in Utah, where the railroad was incorporated, and it is not unlikely that other States through which the railroad passed imposed a tax before the estate was finally settled. Four different and conflicting taxes are thus in use at the present time.

2. At present administration of such laws is costly, ineffective, unjust, and capricious. Wisconsin attempts to tax the transfer of all securities representing, however indirectly, property in Wisconsin. It is impossible where holding companies hold the stock in the companies immediately owning the Wisconsin property. To enforce it, particularly where bonds are concerned, agents must be employed outside the State. We keep two—in New York and Chicago. We should have an agent in every place in the country where estates are probated. To enforce the Wisconsin interpretation would cost an enormous sum.

3. Yet the Western States are insisting on the Wisconsin idea in inheritance taxation. As they do so, double taxation and cost of administration must increase greatly. Cost of administration has not been excessive in the past, merely because the laws have not been enforced.

4. Except in a few States the yield of the inheritance tax is very irregular. The proposed commutation payment by the Federal Government would substitute a regular for an irregular State revenue, besides greatly decreasing cost of collection—or prospective cost of collection.

5. Rich men change their rendezvous very easily. Rhode Island and a few other States do not tax inheritances at present. They do and can prevent the proper development of inheritance taxes in other States. It is the compulsion of the "twentieth man."

6. A number of States can not employ progressive rating in inheritance taxation—an essential attribute of sound inheritance taxation.

IMMIGRATION.

19. Underlying the entire problem of self-government in this country, and placing a limit on the ability to remedy abuses either through politics or labor unions, is the great variety of races, nationalities, and languages. We know how the Southern States have dealt with the problem and how constitutional amendments forced upon them by the Northern States have been treated. Considering this outcome, it is doubtful whether the additional proposed amendments designed to protect rights of individuals in those or other States would accomplish the ends intended.

A similar problem is forced upon us by the large immigration of backward races or of classes from other countries with no experience in self-government. One of these races, the Chinese, has been actually excluded from immigration. Others less competent are admitted. The doctrine of a haven for the oppressed has been rejected in the case of the Chinese and can not consistently be raised against restriction on immigration designed to accomplish a similar purpose of protection to Americans. Especially is the problem of the Americanized element in the labor unions in maintaining discipline almost insoluble when it comes to dealing with 10, 20, or 30 races or languages. The right of employers to bring aliens into their establishments is the same as their right to bring in naturalized or native Americans. The resulting situation is the great strikes recently entered upon without previous organizations or discipline by nationalities that have suddenly come together, notwithstanding their racial antipathies and language impediments, on account of a united antagonism against their employers. Such strikes receive but little consideration from American police, sheriffs, and militia and are usually defeated. On account of their incapacity for self-government, it might perhaps be shown that in isolated communities the paternal despotism of a corporation is preferable to unionism or political control by these backward nationalities. The violation of contracts and inability of their leaders to maintain discipline and observe contracts, which make some American employers so determined against recognizing unions, may often be traced back to the unruly mixture of races and nationalities whom they have employed. Other problems, such as those of the political franchise, must be taken into account in any measure designed to further restrict immigration, but we are convinced that very substantial restrictions on immigration, in addition to the present restrictions, should be

adopted, and that comprehensive measures should be taken to teach the English language and otherwise "Americanize" the immigrants. One of the principal services of American trade-unions is their work in teaching immigrants the practice of democratic government. They might almost be named as the principal Americanizing agency. Another promising measure is the so-called social center, designed to use the schoolhouses and public buildings for instruction and discussion outside school hours. Such a measure, if adopted by all States, as has been done by some, would be of advantage also to native Americans in the free discussion of public questions.

Since immigration is one of the principal issues between capital and labor, its administration should be turned over to the proposed Federal industrial commission, where capital and labor will have an equal voice. This would place all administrative positions in the service, up to and including the Commissioner General, under the civil-service rules proposed in paragraph 3. In 1905, when a trade-union man was Commissioner General, he was required by the administration to give written or oral instructions to inspectors not to make any arrests of Chinese for deportation as required by law. (Washington file, 15427 1 C.) Instead of resigning and making public protest he yielded and gave the required instructions, which practically nullified the law by preventing the deportation of smuggled Chinese. Had such orders been required to be submitted to the advisory council, as proposed in these recommendations, a public protest would have been made by the labor members of the council, since they would be responsible to their unions and not to the Government for their salaries. Even now, with the many charges of Chinese smuggling, the presence of unsalaried labor representatives on an advisory council, with the right to have access to all the records and to have all orders submitted to them before issuing, would place them in a position to prevent such secret violations of the law. In addition they would receive through their fellow-unionists throughout the country complaints or evidence against inspectors supposed to be in conspiracy with Chinese smugglers and would be in position to present their charges and to require investigation and removal if necessary. Various outside commissions, including this commission, have been required to investigate the matter of Chinese smuggling, but they are baffled. The advisory council proposed would be a continuous commission not terrified by any political administration and having a voice in the appointment and removal of inspectors under civil-service rules. (See par. 3.) Doubtless appeals from the commission to the Department of State and the President should be allowed in cases involving political refugees and the interpretation of treaties with foreign countries. These are substantially our conclusions derived from the attempted investigation of Asiatic smuggling.

FARMERS AND FARM LABORERS.

20. One of the growing evils to be feared is the increasing congestion of populated centers at the expense of the rural districts. This is true not only of America but also of Europe. The allurements of the city tend to draw annually thousands from the country to the city. Congested cities, especially in hard times, mean enlarged ranks of the unemployed.

This tendency is strengthened where the struggle of the small farmer not only to hold on to his land but to make a living becomes hopeless and where the conditions are such that the farm laborer or the farm tenant sees little or no possibility of becoming a future landowner.

Not least among the causes of higher cost of living has been the tendency to increase city populations at the expense of agricultural populations, thus decreasing relatively the supply and increasing the demand and thereby inevitably raising the cost of food.

The last census shows that we are becoming the victims of increasing absentee landlordism and farm tenancy. It points out that while the number of farm owners during the preceding decade increased 8 per cent, the number of farm tenants increased 16 per cent. If this ratio should continue for a few more decades, many parts of our Republic will find themselves in the condition from which Ireland has so recently emerged.

For many generations Ireland was one of the most distressed countries in the world. All of its evils were due primarily to absentee landlords and farm tenants. But within the last decade a wonderful change has taken place in the social and economic condition of the Irish peasant, brought about by the enactment by Parliament of what has since become known as the Irish land bill. This act created a royal commission, with power to appraise the large Irish land estates owned by absentee landlords, at their real and not at their speculative value, to buy them in the name of the Government at the appraised value, plus 12 per cent bonus, to cut them up into small parcels, to sell them to worthy farm tenants, giving some 70 years' time in which to make small annual payments on the amortization plan, the deferred payments bearing but 3 per cent interest. In addition to this, the Government made personal loans to peasants sufficient to cover the cost of stock and farm implements, also payable in small annual installments bearing a minimum rate of interest. The Government further furnished the various farm districts with farm advisors, trained graduates from agricultural colleges, who act as friend, adviser, and scientific farm instructor to the peasants. Within a decade the wretched and more or less law-breaking farm tenant has been converted into an industrious, progressive, and law-abiding landed proprietor; in fact, he has become so law-abiding that many jails in the farming districts, formerly filled with agrarian criminals, have been converted into public schools.

In Texas this commission found a condition of farm tenancy like that of Ireland and seemingly typical of growing conditions in various parts of the country. We therefore recommend to Congress and to the various States that steps shall be taken to lighten the burdens of the small farmer, and make it more possible to encourage the tenant, farm laborer, and city dweller to become land proprietors.

Not least among the burdens of the small farmer is the great difficulty, as a rule, on his part in obtaining the necessary credit with which to better and to improve his land, at a low rate of interest and under terms that will permit him to make payments spread over a long term of years.

Under the rural credits system of Germany a small farmer can borrow his money as cheaply as can a great banker. Not only can he do this, but he can spread the payments over a period of 30 or

more years. It is this system of rural credits, among other things, that has made it possible for the German farmer, despite the high price of his land, his heavy taxes, and his small acreage, not only to successfully compete with the American farmer, but to enjoy a fair degree of prosperity; so much so that in more recent times there have been comparatively few German agriculturists who have emigrated to this country.

We therefore recommend that Congress and the various States pass rural credit acts that will give to the small American farmer the same privileges and benefits that for so long a time have been enjoyed by the small farmers in Germany and other European countries, which, following Germany, have adopted rural credit systems. We recommend serious consideration to adapting the Irish land bill and the Australian system of State colonization to our American conditions. It is not our intention in this report to enter into minute details as to how this should be carried out. In a general way, however, we believe it not only desirable but practicable for the Federal Government, through its Department of Agriculture, and the various States, through their departments of agriculture, to secure large bodies of land at appraised actual values, that have been thoroughly tested by experts for their quality, issuing bonds for the payment for same, if need be, and to cut them up into small parcels, making the necessary improvements and selling them to qualified colonists with small first payments, making the balance payable in, say, 30 years on the amortization plan, the deferred payments bearing only the same rate of interest that the Government itself is called upon to pay, plus a small addition to cover the cost of Government administration. We believe in this way the most effective check can be created, on the one hand, to minimize farm tenancy and, on the other hand, to make it possible for the farm laborer and the farm tenant to become land proprietors. We believe that this, if carried out wisely and intelligently, will have a large share in minimizing industrial unrest and in adding to the wealth of the Nation, both materially and in the quality of its citizenship.

CORPORATION CONTROL.

21. Corporation control over politics and labor has for a long time been a well-known matter of serious concern in all American States. This commission has held hearings on the subject of such control in isolated communities at Lead, S. Dak., Butte, Mont., and in Colorado, and other communities were partly investigated by a member of the staff.

In Lead we found a strong union had recently been driven out on account of its sudden demand for the closed shop, and this was followed by a paternal absolutism that controlled labor, business, and politics. In Butte we found a strong union split into factions and destroying its own property, followed by refusal of the corporation to deal with either faction. In Colorado we found a long history of refusals to deal with unions, accompanied by strikes at intervals of 9 or 10 years. In each of these cases the ownership and control of the property was in the hands of absentees, who left the operating management to executives on the ground.

We condemn the conditions found in Colorado which show the control of corporations over labor and politics, and we find there a

system that has taken hold throughout the country. Here the serious problem is not the personality of any individual who may or may not be responsible, but the correction of a system which has grown up mainly under absentee ownership and which determines the acts of individuals according to their self-interest within the terms prescribed by the system. Immediate and public action is necessary to see that courts of justice are not prostituted to the service of one class against another, but the huge system of corporate control requires more far-reaching remedies before attainment. Absentee ownership can not be brought to the sense of its responsibility without the enactment and adequate enforcement of workmen's compensation for accidents and occupational diseases, sickness, invalidity, and old-age insurance. Meanwhile a partial method of meeting its responsibility is a staff of safety, health, and labor commissioners, independent of the local executive staff, to report directly to the board of directors. The work of such a staff is directly in conflict with that of the executive staff, for the latter must get out "production" while the other must acquaint the directors and company with the oppression of labor which increased production and lower costs often bring. The labor department can not be made subordinate to the executive department if the corporation really intends to safeguard its employees.

We are not in favor of public ownership as solely a matter of improving labor conditions, and before such can be recommended there should be a more complete investigation and regulation and a clearing up of the values that will be paid and the administrative control that will follow. More immediate and necessary is a series of laws that will take the control of politics out of the hands of corporations and place it in the hands of the people. Several of our previous recommendations are intended to accomplish this purpose in so far as labor and capital are concerned, but we should add effective corrupt practices acts, designed to protect the secret ballot, to limit the amount of money and number of paid electioneers in elections, to prevent intimidation, and so on, as far as elections are menaced by political machines and wealth. Direct primaries for the nomination of candidates, protected by corrupt practices acts. Constitutional and legislative initiative for State and Federal Governments. The initiative would permit the people to change the Constitution at any point where the courts had depended upon it for a decision, and would make unnecessary any provision for recall of Supreme Court judges or of their decisions, or of taking from higher courts their power to declare laws unconstitutional. The recall of elected officials, including executives and judges of the lower courts, but not judges of the supreme courts or members of the legislature. Proportional representation, as adopted in Belgium, South Africa, Australia, and the Irish parliament, by which all parties or factions would be able to elect their own representatives in the legislatures or Congress in proportion to their numbers and without making deals with other parties. This would permit a labor party to have its representatives, as well as other minor parties, and would permit women, who we consider should have the suffrage, and other minor parties to elect their own representatives without making compromises in order to get the votes of the major parties. These minor

parties, containing as they do the advanced views on labor and social problems, are entitled to their proportionate share of influence in the legislatures or Congress. It can be seen that such a measure would take away from corporations much of their present inducement to control the great parties. It would furnish a legislature which would be a true reflection of the wishes of all the people. This recommendation applies to the legislature the principle of representation of interests, which we advance in the case of the advisory council to the Industrial Commission.

JOHN R. COMMONS.
FLORENCE J. HARRIMAN.
HARRIS WEINSTOCK.¹
S. THRUSTON BALLARD.¹
RICHARD H. AISHTON.²

NOTE.—Commissioner Weinstock also presented the following dissenting opinion:

I dissent from the report prepared by Commissioner Commons on the question of immigration. That report says:

We are convinced that very substantial restrictions on immigration, in addition to the present restrictions, should be adopted.

I am of the opinion that we have abundant immigration laws already on our statute books which, if enforced, will keep out of the country unfit immigrants. In normal times this country can profitably employ all the desirable and fit occidental immigrants that knock at our door, thereby adding greatly to the wealth and the strength of the Nation.

HARRIS WEINSTOCK.

¹ See supplementary reports.

² See supplementary report. Appointed commissioner Mar. 17, 1915, to serve the unexpired term of Hon. F. A. Delano, resigned.

REPORT OF COMMISSIONERS WEINSTOCK, BALLARD, AND AISHTON.

We concur in the report prepared by Commissioner Commons, dissenting, however, on the two following points, and supplementing it by certain other findings and recommendations following herewith.

First. We dissent from the recommendation that the secondary boycott should be legalized. We regard the secondary boycott as unjust, inequitable, and vicious, in that it subjects third and innocent parties to injury and, at times, to great loss if not ruin. We are, therefore, as much opposed to it as we are to the blacklist. There have been instances where, for example, a strike would occur on a newspaper. The strikers would demand, for example, that a certain business house advertising in such paper should, despite the fact that it was under contract, withdraw its patronage, and on refusal of the advertiser to violate its contract with the newspaper, it became the victim of boycotts at the hands of the strikers more or less injurious, if not disastrous, in their results to such advertiser. The Supreme Court of the United States has, in our opinion, wisely and justly declared the secondary boycott illegal, and we regard it as an injury to society to legalize a system so vicious.

It has been pointed out that—

* * * the boycott is the chief weapon of modern unionism, and also characteristic generally of its spirit and methods. A discussion of a boycott as a mere withdrawal of patronage is idle and academic. When that is the extent of the boycott in any particular case, the patronage is simply withdrawn, and nothing more is heard about it. From that simple procedure the modern boycott has been developed into a very different thing, and what has become known as the secondary boycott, dragging in third parties to the dispute and penalizing them for patronizing one of the parties to the dispute, has played an important part.

Dealing with this phase of the question, Judge William H. Taft, in an early case (1893), said:

The boycott is a combination of many to cause a loss to one person by coercing others against their will to withdraw from him beneficial business intercourse by threats that unless those others do so, the many will cause serious loss to them.

In the case of *Moore v. The Bricklayers' Union*, Judge William H. Taft says:

The conflict was brought about by the effort of defendants to use plaintiff's right of trade to injure Parker Bros., and, upon failure of this, to use plaintiff's customers' rights of trade to injure the plaintiff. Such effort can not be in the bona fide exercise of trade, is without just cause, and is therefore malicious. The immediate motive of defendants here was to show to the building world what punishment and disaster necessarily follows a defiance of their demands. The remote motive of wishing to better their condition by the power so acquired will not, as we think we have shown, make any legal justification for defendants' acts. We are of the opinion that even if acts of the character and with the intent shown in this case are not actionable when done by individuals, they become so when they are the result of combination, because it is clear that the terrorizing of a community by threats of exclusive dealing in order to deprive one obnoxious member of means of sustenance, will become both dangerous and oppressive.

The Anthracite Coal Strike Commission; in its report in touching upon secondary boycotts, says:

It was attempted to define the boycott by calling the contest between employers and employees a war between capital and labor, and pursuing the analogies of the word, to justify thereby the cruelty and illegality of conduct on the part of those conducting the strike. The analogy is not apt, and the argument founded upon it is fallacious.

There is only one war-making power recognized by our institutions, and that is the Government of the United States and of the States in subordination thereto, when repelling invasion or domestic violence. War between citizens is not to be tolerated, and can not in the proper sense, exist. If attempted it is unlawful, and is to be put down by the sovereign power of the State and Nation. The practices which we are condemning would be outside the pale of civilized warfare. In civilized warfare, women and children, and the defenseless are safe from attack, and a code of honor controls the parties to such warfare, which cries out against the boycott we have in view. Cruel and cowardly are terms not too severe by which to characterize it.

Second. We further dissent from said report in its limitation of public inquiry in labor disputes only to cases where both sides invite such inquiry. We believe that in the public interest there are times when compulsion in labor disputes is thoroughly justified. We feel, with organized labor, that there should be no restriction put upon the right to strike, realizing as we do, that the strike is the only weapon which, in the interest of labor, can be effectively and legally used to aid in bettering its conditions. We feel, also, that there should be no restriction placed upon the employer in his right to declare a lockout in order better to protect what he regards as his interest, and we therefore would not favor any plan that would inflict penalties upon the worker or upon the employer for declaring a strike or lockout.

Where the two sides to a labor controversy are fairly well balanced in strength, the winning side must depend, in the last analysis upon the support of public opinion. Public opinion, therefore, becomes a most important factor in the interest of industrial peace. Such public opinion, however, to be of value, must be enlightened. Under prevailing conditions this is almost impossible. All that the public is now able to get, as a rule, are garbled and ex parte statements, more or less misleading and unreliable, which simply tend to confuse the public mind.

Where strikes and lockouts take place on a large scale, and more especially in connection with public utilities, the public inevitably becomes a third party to the issue, in that it has more at stake than both parties to the dispute combined. For example, if the street railways of a large city are tied up, the loss to the railway companies in the way of revenue, and to the workers in the way of wages, is great, but this loss becomes insignificant compared with the loss inflicted upon the rest of the community, to say nothing of the annoyance, inconvenience, and menace to life and property, which not infrequently occur in such industrial disputes. The public, therefore, as the third party to the issue, is justified in demanding that an investigation take place, and that the facts be ascertained and presented in an impartial spirit to the general public, so that ways and means may be found of adjudicating the dispute or of throwing the influence of a properly informed public opinion on the side which has the right in its favor.

We, therefore, earnestly recommend that in the case of public utilities, the proposed industrial commission shall not only have power to mediate and conciliate, but also, at the request of either side to a dispute, or upon the initiative of the commission itself, should have the power, all voluntary methods having failed, to undertake a compulsory public inquiry when, in the discretion of the commission, public interest demands it: that it be given the fullest powers to summon witnesses, place them under oath, demand books and documents, all with a view of ascertaining the underlying causes of the dispute and the issues involved, to the end of making recommendations that, in the judgment of the board of inquiry, consisting of three members, one to be chosen by each side and the third to be chosen by these two, would be a fair and reasonable settlement of the points in dispute. It being understood, however, that neither side is obliged to accept such recommendations, but may continue to strike or lockout, as the case may be. Meanwhile, however, the public will have ascertained in the most reliable way the issues involved, the facts as they have been found by the board of inquiry, and the basis upon which a fair settlement can be established, thus enabling the public more intelligently to throw its support where it rightfully belongs.

With the two foregoing modifications, we heartily concur in the report prepared by Commissioner Commons. We desire, however, additionally, to report as follows:

We find that the alleged findings of fact and, in a general way, the comments thereon made in the report of the staff of this commission, under the direction of Mr. Basil M. Manly, which has been made a part of the records of this commission, without the indorsement, however, of the commission, so manifestly partisan and unfair that we can not give them our indorsement. What we regard as the desirable recommendations in the report of Mr. Manly are dealt with to our satisfaction in the Commons report, which has our approval.

We find that Mr. Manly's report places practically all the responsibility for the causes of industrial unrest at the doors of one side, forgetting that both sides to the issues are human, and, being human, are guilty of their fullest share of wrongdoing, and are alike responsible in greater or lesser degree, for the causes of industrial unrest.

We are, therefore, prompted, in the interest of fairness and justice, to present herewith some of the additional causes of industrial unrest that, in the course of the investigations and public hearings of the commission, have forced themselves upon our attention.

Despite the fact that we have been appointed to represent, on this commission, the employers of the Nation, we are free to admit that the investigations made by the commission, and the testimony brought forth at our public hearings, have made it plain that employers, some of them, have been guilty of much wrongdoing, and have caused the workers to have their fullest share of grievances against many employers. There has been an abundance of testimony submitted to prove to our satisfaction that some employers have resorted to questionable methods to prevent their workers from organizing in their own self-interest; that they have attempted to defeat democracy by more or less successfully controlling courts and legislatures; that some of them have exploited women and children and unorganized workers; that some have resorted to all sorts of

methods to prevent the enactment of remedial industrial legislation; that some have employed gunmen in strikes, who were disreputable characters, and who assaulted innocent people and committed other crimes most reprehensible in character; that some have paid lower wages than competitive conditions warranted, worked their people long hours and under insanitary and dangerous conditions; that some have exploited prison labor at the expense of free labor; that some have been contract breakers with labor; that some have at times attempted, through the authorities, to suppress free speech and the right of peaceful assembly; and that some have deliberately, for selfish ends, bribed representatives of labor. All these things, we find, tend to produce industrial unrest, with all its consequent and far-reaching ills.

There is, therefore, no gainsaying the fact that labor has had many grievances, and that it is thoroughly justified in organizing and in spreading organization in order better to protect itself against exploitation and oppression.

On the other hand, in justice to employers generally, it must be said that there has been much evidence to show that there is an awakening among the enlightened employers of the Nation, who have taken a deeper personal interest in the welfare of their workers than ever before in industrial history; that such enlightened employers are growing in number and are more and more realizing that, if for no other reason, it is in their own self-interest to seek the welfare of their workers and earnestly to strive to better their conditions. Employers, on their own initiative, have created sick funds and pension funds; have expended vast sums of money to insure greater safety to their workers; have, as compared with conditions of the past, greatly improved their methods of sanitation; have done much to regularize employment; have increased wages; and in every way have endeavored to lighten the burdens of their workers.

While there are many deplorable conditions yet remaining to be rectified, and while the condition of the worker is still far from ideal, we believe that, on the whole, the impartial investigator must find that, in normal times, on the average, the hours of the American worker are the shortest, his wages the highest, his working conditions the most favorable, his standard of living the highest, and his general well-being the best in the world's industrial history.

Industrial Commissioner John B. Lennon, who is also a member of the executive council of the American Federation of Labor, in the absence of official figures has estimated that there are at this time about 20,000,000 wage earners in the United States, and that about 3,250,000 of these are members of various labor unions. In other words, as a liberal approximation, about 16 per cent of the wage earners of America are members of trade unions.

Considering that the American Federation of Labor came into life in 1881, some 34 years ago, and considering the earnest and zealous efforts that have been made by its representatives and the representatives of other labor organizations to agitate, educate, and organize, and considering still further the highly commendable objects professed by organized labor, the membership results are disappointingly small.

One reason given for the comparatively small percentage of unionists in the ranks of labor is the hostility against unionism on the part

of many employers. Organized labor points out that there are many employers' associations that are organized not to deal with, but to fight, unionism, and that this, in many instances, and more especially in the larger industrial enterprises, presents a very serious obstacle for organized labor to meet and to overcome.

Representing as we do on this commission the employers' side, we are as one with the other members of our Federal commission who represent the general public, and also with those representing organized labor, in believing that, under modern industrial conditions, collective bargaining, when fairly and properly conducted, is conducive to the best good of the employer, the worker, and society. We find that there are many enlightened employers who concur in this view, who in the past recognized and dealt with organized labor, but who now refuse to do so, and who, under proper conditions, would willingly continue to engage in collective bargaining. With good cause, in our opinion, however, they place the responsibility for their refusing to do so at the door of organized labor. There is an abundance of available testimony in our records to show that many employers are frightened off from recognizing or dealing with organized labor for fear that to do so means to put their heads in the noose and to invite the probability of seriously injuring, if not ruining, their business.

The prime objection that such employers have to recognizing and dealing with organized labor is the fear of (*a*) sympathetic strikes, (*b*) jurisdictional disputes, (*c*) labor union politics, (*d*) contract breaking, (*e*) restriction of output, (*f*) prohibition of the use of non-union-made tools and materials, (*g*) closed shop, (*h*) contests for supremacy between rival unions, (*i*) acts of violence against non-union workers and the properties of employers, (*j*) apprenticeship rules.

While we have found many sinners among the ranks of the employers, the result of our investigation and inquiries forces upon us the fact that unionists also can not come into court with clean hands; that this is not a case where the saints are all on one side and the sinners all on the other. We find saints and sinners, many of them, on both sides.

The hope of future industrial peace must lie in both sides using their best endeavors to minimize the causes that lead to the growth of sins and sinners on each side of the question.

SYMPATHETIC STRIKES.

Taking up seriatim the objections offered by many employers to recognizing and dealing with organized labor, we come first to that of the sympathetic strike. The employer contends, and we find ourselves in sympathy with his contention, that it is a rank injustice to subject him to a strike of his employees who have absolutely no grievances, to stop work because some other group of workers, possibly at a remote point, have a real or fancied grievance against their own employer, especially when such stoppage of work may not only inflict a very serious loss, but may mean ruin to the enterprise of the innocent employer, thus making it, in violation of all the

equities, a clear case of punishing the many innocent for the one or the few who may be guilty, who were party to the original dispute.

JURISDICTIONAL DISPUTES.

The employer further points out that not only is his business liable to be ruined by the sympathetic strike, but, more especially in the building trades, is he likely to become an innocent victim of jurisdictional disputes for which he is in no wise responsible and over which he has absolutely no control.

Sidney and Beatrice Webb point out that—

It is no exaggeration to say that to the competition between overlapping unions is to be attributed about nine-tenths of the ineffectiveness of the trade-union world.¹

Innumerable instances have occurred where jurisdictional strikes have lasted for months and sometimes for years.²

The elevator constructors had a serious and costly dispute with the machinists in Chicago over the installation of pumps connected with hydraulic elevators. A strike resulted for more than two years, during which most of the elevator men in the city were out of work while members of the machinists and other unions supplied their places with the Otis Elevator Co.³

In 1910 the secretary of the bricklayers said:

Our disputes with the operative plasterers' union during the past year have taken thousands of dollars out of our international treasury for the purpose of protecting our interest. The loss in wages to our members has amounted to at least \$300,000. The loss to our employers has been up in the thousands, also.⁴

Prof. Commons, in his studies of the New York building trades, comments on the jurisdictional disputes as follows:

Building construction was continuously interrupted, not on account of lock-outs, low wages, or even employment of nonunion men, but on account of fights between the unions. A friendly employer who hired only union men, along with the unfriendly employer, was used as a club to hit the opposing union, and the friendly employer suffered more than the other.⁵

The Chicago machinery movers caused considerable delay in the construction of the Harris Trust Building, and in a period of less than a year were responsible for no less than 50 separate strikes, during which the work of the employers was delayed.⁶

Jurisdictional disputes waste both labor and capital. They make it impracticable in many cases to use improved appliances and cheaper materials. They are responsible for hesitancy in undertaking and increasing expense in prosecuting buildings, to the detriment of the building industry.⁷

Finally, where the disputes are long continued, they are responsible for that whole train of evil results which follows upon idleness and poverty.⁸

Sidney and Beatrice Webb again point out that in the industries of Tyne-side, within a space of 35 months, there were 35 weeks in which one or the other of the four most important sections of workmen in the staple industry of the district absolutely refused to work. This meant compulsory idleness of tens of thousands of men, the selling out of households, and the semistarvation of whole families totally unconcerned with the disputes, while it left the unions in a state of weakness from which it will take years to recover.⁹

That wise and far-seeing labor leaders keenly appreciate the great wrongs inflicted not only upon the employers, but upon the workers themselves, by virtue of cessation of work in jurisdictional disputes, is emphasized by the following extracts from the report of Mr.

¹ Industrial Democracy, vol. 1, p. 121.

² The Bricklayer and Mason, February, 1911, p. 127.

³ Trade-Unionism and Labor Problems.

⁴ Interview, secretary of Building Employers' Association, Chicago, July, 1912.

⁵ Industrial Democracy, vol. 1, p. 121.

⁶ Ibid., vol. 2, p. 513.

Samuel Gompers, president of the American Federation of Labor, at its convention in 1902:

Beyond doubt, the greatest problem, the danger which above all others is threatening not only the success but the very existence of the American Federation of Labor, is the question of jurisdiction. Unless our affiliated national and international unions radically and soon change their course, we shall, at no distant date, be in the midst of an internecine contest unparalleled in any era of the industrial world, aye, not even when workmen of different trades were arrayed against each other behind barricades over the question of trade against trade. They naturally regard each other with hatred, and treat each other as mortal enemies.

There is scarcely an affiliated organization which is not engaged in a dispute with another organization (and in some cases, with several organizations) upon the question of jurisdiction. It is not an uncommon occurrence for an organization, and several have done so quite recently, to so change their laws and claims to jurisdiction as to cover trades never contemplated by the organizers, officers, or members; never comprehended by their titles, trades of which there is already in existence a national union. And this without a word of advice, counsel, or warning.

I submit that it is untenable and intolerable for an organization to attempt to ride roughshod over and trample under foot rights and jurisdiction of a trade, the jurisdiction of which is already covered by an existing organization. This contention for jurisdiction has grown into such proportions and is fought with such an intensity as to arouse many bitter feuds and trade wars. In many instances employers fairly inclined for organized labor are made innocently to suffer from causes entirely beyond their control.

As proof of the prophetic and far-sighted utterances of President Gompers, it has been pointed out that "in 1911, in Chicago, his grim prophecy was actually fulfilled in the bitter jurisdictional wars fought by rival unions in that city in which paid thugs and gunmen turned the streets of Chicago into a condition of anarchy, and in which, as a mere incident from the union standpoint, millions of dollars of construction work remained idle, with a resultant loss to owners, contractors, and the business interest of the city beyond possibility of calculation."

We ask, what sane or thoughtful employer would willingly put his head in a noose such as this by recognizing and dealing with unions, and thus invite possible ruin?

LABOR UNION POLITICS.

The third objection of employers to recognizing and dealing with organized labor is the risk they run, especially in the building trades, where power to declare a strike is concentrated in the hands of a business agent, of finding themselves at the mercy of either a corrupt business agent or one who, for the sake of union politics, is endeavoring, in order to perpetuate himself in office, to make capital at the expense of the innocent employer by making unwarranted and unreasonable demands against the employer.

CONTRACT BREAKING.

The fourth reason offered by the employers for refusing to recognize or to deal with organized labor, is its increasing unreliability in keeping trade agreements. To give one case in point, our record gives the story in undisputed statement published in the United Mine Workers' Journal, which is the official organ of the United Mine Workers of America, written by Mr. W. O. Smith, ex-chairman of the executive committee of the Kentucky District of United

Mine Workers of America, in which Mr. Smith, among other things, says:

Because of the indifference of the conservative members of our unions, and the activity of the radical element which is responsible for the greatest menace which has ever threatened the United Mine Workers of America, the local strike, during the past two or three years the international, as well as the district and subdistrict officials, have been confronted with many perplexing problems, some of which seem to threaten the very life of the organization. But I believe I am safe in saying that no problem has given them so much concern as the problem of local strikes in violation of agreements.

Thousands of dollars are expended every year in an effort to organize the 250,000 nonunion miners in the United States, while hundreds of our members go on strike almost every day in absolute, unexcusable violation of existing agreements.¹

This criticism comes not from an employer, but from an ardent, earnest unionist, in high standing in his organization.

Corroborating the statement of Mr. Smith, comes a statement published in *Coal Age* of December 20, 1913, issued by the Association of Bituminous Coal Operators of Central Pennsylvania, addressed to Mr. Patrick Gilday, president of District No. 2, U. M. W. of A., Morrisville mines, Pennsylvania, dated Philadelphia, December 12, 1913, in which, among other things, the following appears:

Whereas, Rules 12 and 13 of said agreement provide, "that should differences arise between the operators and mine workers as to the meaning of the provisions of this agreement or about matters not specifically mentioned in this agreement, there shall be no suspension of work on account of such difference, but an earnest effort be made to settle such differences immediately." Whereas, notwithstanding the fact that Rule 15 provides the right to hire and discharge, the management of the mine and the direction of the working forces are vested exclusively in the operator, the United Mine Workers of America have absolutely disregarded this rule, in that they have at numerous times served notices on substantially every operator belonging to our association, that unless all the employees working for such operators should become members of the union on or before certain dates mentioned in said notices, that they, the Mine Workers, would close or shut down the operators' respective mines, and in many instances did close the mines for this reason, and refused to return to work unless such nonunion employees were discharged. This conduct is in direct violation of the contract, and specifically interferes with and abridges the right of the operator to hire and discharge; of the management of the mine, and of the direction of the working forces; this conduct in violation of contract on the part of the Mine Workers, as well as that mentioned in the preceding paragraph, has resulted in more than one hundred strikes during the life of our scale agreement.²

Numerous other illustrations could be given from the records of the commission, showing that there are other instances where unions did not observe their contracts, tending to make, in the minds of many employers, a character for all unionism, and thus increasing their hesitancy in recognizing and dealing with unions.

RESTRICTION OF OUTPUT.

Not least among the reasons given by fair-minded employers for refusing to recognize or deal with labor unions, is the fact that many unions stand for a limited output, thus making among their workers for the dead level, and thereby making it impossible for the union employer successfully to compete with the nonunion employer; who is not faced with such handicap.

¹ New York hearings, U. S. Commission on Industrial Relations, pp. 2750-2751.

² New York hearings, U. S. Commission on Industrial Relations, pp. 2061-2062.

British industrial conditions are cursed with the practice of limited output, as compared with the absence of this practice in industrial Germany. As a consequence, Germany, in time of peace, has industrially outrun Great Britain by leaps and bounds.

The British unionist, by practicing limited output, has thus played directly into the hands of his keenest industrial competitor, the German.

The records of the commission also show that organized labor, almost as a unit, is very strongly opposed to the introduction in industry of what has become known as scientific management, or efficiency methods. In relation to this phase of the problem, we find ourselves as one with the statement made and the opinions expressed by Mr. Louis D. Brandeis before the commission at Washington, in April, 1914, who, when invited to express his opinion on the question of efficiency standards, scientific management, and labor, among other things, said:

My special interest in this subject arises from the conviction that, in the first place, workmen, and in the second place, members of the community generally, can attain the ideals of our American democracy only through an immediate increase and perhaps a constant increase, in the productivity of man. * * * Our ideals could not be attained unless we succeed in greatly increasing the productivity of man. * * * The progress that we have made in improving the conditions of the workman during the last century, and particularly during the last 50 years, has been largely due, to the fact that intervention or the introduction of machinery has gone so far in increasing the productivity of the individual man. With the advent of the new science of management has come the next great opportunity of increasing labor's share in the production, and it seems to me, therefore, of the utmost importance, not only that the science should be developed and should be applied as far as possible, but that it should be applied in cooperation with the representatives of organized labor, in order that labor may now, in this new movement, get its proper share.

I take it that the whole of this science of management is nothing more than an organized effort, pursued intensively, to eliminate waste. * * * It is in the process of eliminating waste and increasing the productivity of man, to adopt those methods which will insure the social and industrial essentials, fairness in development, fairness in the distribution of the profits, and the encouragement to the workman which can not come without fairness.

I take it that in order to accomplish this result, it is absolutely essential that the unions should be represented in the process. * * * When labor is given such a representation, I am unable to find anything in scientific management which is not strictly in accord with the interests of labor, because it is nothing more than fair, through the application of these methods which have been pursued in other branches of science, to find out the best and the most effective way of accomplishing the result. It is not making men work harder—the very effort of it is to make them work less hard, to accomplish more by what they do, and to eliminate all unnecessary motion, to give special effort and special assistance to those who, at the time of the commencement of their work, are mostly in need of the assistance because they are less competent.

* * * As I view the problem, it is only one of making the employer recognize the necessity of the participation of representatives of labor in the introduction and carrying forward of the work, and on the other hand, bringing to the workman and the representatives of organized labor, the recognition of the fact that there is nothing in scientific management itself which is inimical to the interests of the workman, but merely perhaps the practices of certain individuals, of certain employers or concerns who have engaged in it.

I feel that this presents a very good opportunity for organized labor. It seems to me absolutely clear, as scientific management rests upon the fundamental principles of advance in man's productivity, of determining what the best way was of doing a thing, instead of the poor way, of a complete coordination and organization of the various departments of business, that the introduction of scientific management in our businesses was certain to come; that

those who oppose the introduction altogether are undertaking a perfectly impossible task; and that if organized labor took the position of absolute opposition, instead of taking the position of insisting upon their proper part in the introduction of this system, and the conduct of the business under it, organized labor would lose its greatest opportunity, and would be defeating the very purpose for which it exists.

On being asked the question what, in his opinion, would be the status of unionism in the event of scientific management becoming a common industrial condition, Mr. Brandeis said:

I think there would be a great deal left for unionism to do, and do not think the time will come when there will not be, as long as there is a wage system in existence. * * * I do not feel that we have reached the limit of the shorter day, certainly not in some employments, nor do I think we have reached the limit of the higher wage; certainly we have not reached the limit of the best conditions of employment in many industries.

All of these subjects are subjects which must be taken up, and should be taken up by the representatives of the men and women who are particularly interested. There will be work for unions to do as long as there is a wage system.

Mr. Brandeis further stated that he saw no menace to unionism in scientific management, and that he favored labor having a voice in determining all the factors involved in scientific management.

In answer to the question if he thought the fears groundless on the part of organized labor in looking upon scientific management as a menace to unionism, he answered, saying:

Yes; groundless except for this—I think, for instance, that the existence of the system of scientific management, unless the unions choose to cooperate with the effort to install it, may menace unionism, because the most efficient and advanced employers may adopt it, whether the unions like it or not, and in that way these establishments may become successful, and be so buttressed by their success as to be able to exclude unions from their business. That is the menace, if they do not take part, but if they cooperate it seems to me it simply advances unionism.

Mr. Brandeis confirmed the thought that if unionism is wise it will make the most of its opportunity by enlisting its cooperation in the movement, and will endeavor to bring scientific management to its highest possibility at the earliest day, in order that it may better share the increased surplus created by such scientific management, and that for unions to work against it is in the nature of a colossal error. The testimony of Miss Ida Tarbell on this point was in full accord with that of Mr. Brandeis.

PROHIBITION OF USE OF NONUNION-MADE TOOLS AND MATERIAL.

The sixth reason offered by employers for refusing to recognize or to deal with organized labor is that when they do so they are often not permitted to use nonunion-made tools or materials, thus placing upon themselves a burden and a hardship from which nonunion employers are free, and thus also laying themselves liable to get into all sorts of controversies with the union, which are vexatious, annoying, time-losing, and, frequently, most costly, as they sometimes lead to grave and serious strikes.

CLOSED SHOP.

The seventh reason why many employers refuse to recognize or to deal with organized labor (and among these may be mentioned the employers of large bodies of workers who have previously had trade agreements with organized labor) is the matter of the closed shop.

Many such employers are quite willing to recognize and to deal with unions upon a tacit or written open-shop agreement, but they have no confidence, based on their previous experience, that an open-shop agreement will be respected by the unions. Such employers labor under the fear that, despite an open-shop agreement or understanding, the union, at its first opportunity, will force them to compel the nonunion worker to join the union. Employers such as these are unwilling to place themselves in the position where the union can control them despite an open-shop agreement or understanding and, so to speak, put a pistol to their heads and command them in turn to command a nonunion worker on pain of dismissal to join the union. Such employers feel that, having an open-shop agreement or understanding, if for any reason a worker does not choose to join the union, they as employers should no more compel him to do so than they would compel him to join any particular fraternal society or religious body. They feel that if they are working under an open-shop agreement or understanding and such nonunion worker is capable, efficient, and has rendered long and faithful service, that they are doing him and themselves a great injustice either to force him into a union or to discharge him because he will not join a union.

Where an employer enters into an agreement with a union which does not stipulate that only union men shall be employed but leaves the employer free to employ exclusively union men or some union and some nonunion men as he may prefer, so long as he maintains for all men union conditions, that in such an event the union has no right to demand that the nonunionist should be compelled by the employer to join the union or a strike will follow. For the union, under such conditions, to strike, as it has done, notably in the Pennsylvania coal fields, and as pointed out also by W. O. Smith, ex-chairman of the executive committee of the Kentucky district of the United Mine Workers of America, whose statements have been quoted herein, is a violation, on the part of the union, of its contract.

It may be held that unionists working under an open-shop agreement or understanding always reserve to themselves the right, for any reason or for no reason, to cease to work alongside of nonunion men, and that they further reserve the right to determine the psychological moment at which it is in their interest to cease work or to go on a strike because they will not work alongside of nonunion men. It is the fear of the likelihood of their doing this that frightens off many employers from recognizing or dealing with organized labor. They feel that even when they are operating under an open-shop agreement or understanding which does not deny them the right to employ nonunion men so long as they work under union conditions, they are working with a sword suspended over their heads by a slender thread, which may break at any moment, and are liable to have a strike on their hands at the most critical time, which may spell ruin for their business. Employers, as a rule, do not deem it a good business policy to invite such risks.

An impressive example of this policy on the part of organized labor was brought out in the testimony taken by the commission at Lead, S. Dak. Supt. Grier, of the Homestake Mining Co., Lead, S. Dak., at the hearing held by the commission at that point in August, 1914, stated that he had recognized and dealt with the Lead City Miners'

Union from 1877 to 1909, with the understanding that they were at liberty to employ union or nonunion men as they preferred. Late in October, 1909, a resolution was published in the daily papers that on and after the 25th of November, 1909, members of the federation would not work with those working for the Homestake Mining Co. who failed and neglected to become members of the union in good standing; and in consequence, on the 25th of November, the mine was closed down, and from that day on the company has not recognized nor dealt with organized labor.

We are, however, of the opinion that where an employer enters into an agreement with a union which stipulates that only union men shall be employed, a thing which he has both a moral and a legal right to do, the nonunion worker, in that event, can have no more reason to find fault with the employer in declining to employ him than a certain manufacturer would have if the employer, for reasons satisfactory to himself, should confine his purchases to the product of some other manufacturer.

CONTESTS FOR SUPREMACY BETWEEN RIVAL UNIONS.

Testimony has been given before this commission indicating, in more than one instance, that contests between rival unions, or factions of the same union, have led to strikes causing industrial unrest from which the worker as well as the employer, has suffered harm and loss.

ACTS OF VIOLENCE AGAINST NONUNION WORKERS AND THE PROPERTIES OF EMPLOYERS.

The ninth objection raised on the part of the employers against unionism, which has been substantiated abundantly by investigation and by testimony taken by the commission, is the resort on the part of unionists to violence in labor troubles, and to the fact that unionists condone such violence when committed in the alleged interest of labor.

The most notable case, of course, in modern industrial history, is that of the structural iron workers, which resulted in the plea of guilty on the part of the McNamara brothers, for the blowing up of the Los Angeles Times Building, killing over 20 innocent people, and which further resulted in Frank Ryan, the president of the Structural Iron Workers' National Union, and a group of other labor union officials, being convicted and sentenced to prison.

As a matter of fact, the bringing into life of this United States Commission on Industrial Relations was due primarily to the long series of crimes committed at the instance of the structural iron workers' union, which culminated in the blowing up of the Los Angeles Times Building, with its attendant loss of life of innocent citizens, and which aroused a state of public sentiment demanding that an investigation be made by an impartial Federal body, to inquire into the underlying causes of industrial unrest, the existence of which seemed to be evidenced by the violent activities on the part of labor in various parts of the country.

Vincent St. John, secretary of the Industrial Workers of the World, in his testimony before the Commission on Industrial Rela-

tions at a public hearing in New York, said that he believed in violence when it was necessary to win. He said that if the destruction of property seemed necessary to bring results, then he believed in the destruction of property.

A. Johannsen, of California, State organizer for the building trades of California, and general organizer for the United Brotherhood of Carpenters, in his testimony before the United States Commission on Industrial Relations at Washington in May, 1915, in speaking of the reelection of Frank Ryan, president of the National Structural Iron Workers' Union, among other things thanked the Lord that the union had the courage to reelect him president after he had been convicted as a participant in the dynamiting crimes of the structural iron workers. He further expressed the hope that it was true that the convicted dynamiters, after being reelected to office by the iron workers, were met by a procession of applause at Fort Leavenworth while on their way to prison, and that President Ryan performed his official duties while there, and rendered his official reports as president of a union of 10,000 members and a part of the American Federation of Labor.

In contradistinction to the opinion of Mr. Johannsen, to the effect that he thanked the Lord that the union had the courage to reelect Frank Ryan president after he had been convicted as a participant in the dynamiting crimes of the structural iron workers, we have the opinion of Dr. Charles W. Eliot, president emeritus of Harvard University, who, in his testimony before the United States Commission on Industrial Relations at New York, January 29, 1915, in referring to this very instance, said, in answer to the question as to how he regarded the action of the structural iron workers' union in reelecting Frank Ryan president after his conviction of crime, "As a serious moral offense against the community as a whole."¹

Speaking about respecting court labor injunctions, Witness Johannsen said:

I don't think the power of an injunction goes much beyond the courage of those who are enjoined. I think that if a person is convinced in his own mind and his own feelings that his case is just, that his demands for an increase of wages, or whatever the fight may be—if you think and feel you are right, why, then go ahead. Never mind about those pieces of paper.²

On being asked whether he (Johannsen) believed that Frank Ryan, president of the Structural Iron Workers' National Union, and his associates, were innocent men railroaded to prison, he said that he did, and that he was satisfied they never committed any crime against labor or a better society, and were therefore unjustly convicted. This was his attitude, despite his attention having been called to the opinion and decision rendered by the circuit court of appeals, including Judges Baker, Seaman, and Kohlsaat, against whose integrity and fairness no whisper had ever been heard, and who seemingly went into the evidence in the dynamiting cases most exhaustively and carefully, and who, among other things, in their decision, said—

The facts thus recited, as proven by the Government on the trial, may be mentioned in part as follows: Almost 100 explosions thus occurred, damaging and destroying buildings and bridges in process of erection where the work

¹ New York hearings, U. S. Commission on Industrial Relations, p. 1907.

² Washington hearings, May, 1915, U. S. Commission on Industrial Relations, p. 958.

was being done by open-shop concerns, and no explosions took place in connection with work of a similar character, where the work was done by closed-shop concerns. * * * In connection with this work of destruction, dynamite and nitroglycerine was purchased and stolen, and various storage places arranged to conveniently store such explosives which were to be used in the destruction of property in the various States referred to. * * * Large quantities of dynamite and nitroglycerine were at various times stored in the vaults of the association at Indianapolis, and also in the basement of the building. * * * Four explosions occurred in one night at the same hour in Indianapolis, and explosions were planned to take place on the same night, two hours apart, at Omaha, Nebr., and Columbus, Ind., and the explosions so planned did occur on the same night, at about the same time, instead of two hours apart, owing to the fact that one clock was defective. * * * All the dynamite and nitroglycerine * * * including the expenses incident to the stealing of the dynamite, were paid out of the funds of the International association, and these funds were drawn from the association upon checks signed by the secretary-treasurer, John J. McNamara, and the president, Frank M. Ryan, plaintiff in error.

The written correspondence on the part of many of the plaintiffs in error * * * furnish manifold evidence not only of understanding between the correspondents of the purposes of the primary conspiracy, but many thereof convey information or direction for the use of the explosives, while others advise of the destruction which has occurred, and each points unerringly not only to the understanding that the agency therein was that of the conspirators, but as well to the necessary steps in its performance of transporting the explosives held for such use. This line of evidence clearly tends to prove, and may well be deemed convincing of the fact on the part of many, if not all, of the correspondents.

Plaintiff Frank M. Ryan was president of the association and of its executive board, and was active manager and leader of the contest, and policies carried on throughout the years of the strike and destructive explosions in evidence. Letters written and received by him at various stages of the contest clearly tend to prove his familiarity with and management of the long course of destroying open-shop structures, however guarded in expression. He was at the headquarters of the association for the supervision of operations periodically, usually two or three days each month, uniformly attended the meetings there of the executive board, and made frequent visits to the field of activities. * * * He signed all of the checks in evidence for payments for expenditures for purchase, storage, and conveyance of explosives. * * * Many other letters in evidence, both from and to him, however disguised in terms, may well authorize an inference of his complete understanding of, and complicity for, the explosions, both in plans and execution.¹

Masses of testimony were filed with the commission to prove that organized labor at times resorted to a policy of lawlessness. Among other documents may be cited a magazine under the title of *A Policy of Lawlessness*, a partial record of riot, assault, murder, and intimidation, occurring in strikes of the iron molders' union, during 1904, 1905, 1906, 1907, published by the National Founders' Association, in which are given, as a partial list taken from court records, a great number of instances of violence on the part of labor unionists in labor disputes; and also a document published as a report, submitted by the committee on labor disputes of the Cleveland Chamber of Commerce, entitled "*Violence in Labor Disputes*," giving hundreds of instances where unionists had resorted to violence in labor troubles in that community alone.

Mr. Luke Grant, special investigator for the United States Commission on Industrial Relations, in his report to the commission on

¹ Washington hearings, May, 1915, U. S. Commission on Industrial Relations, pp. 1004-1013.

the National Erectors' Association and the International Association of Bridge and Structural Iron Workers, says:

Do they [the unions] believe in violence? They did not destroy property and they don't know who did. They probably adopted resolutions denouncing the unknown perpetrators, and offering a reward for their arrest and conviction. The Western Federation of Miners, in convention, offered a reward for the arrest of the men who blew up the Independence depot in June, 1904, killing 14 men. Harry Orchard afterwards confessed that he and Steve Adams did it, acting as agents for the officers of the union.

In this way do union men collectively approve of violence, that few if any of them would individually permit (p. 148).

Referring to the industrial war between the National Erectors' Association and the structural iron workers' union, Mr. Grant continues to say:

When the hopelessness of the situation became apparent to the union officials, resort was made to the destruction of property. Diplomacy was out of the question, so dynamite was tried (p. 150).

The report of Luke Grant brings out the fact that the structural iron workers had no grievances against their employers in the matter of wages, hours, or working conditions. The only question at issue was that of the closed shop. To enforce the closed shop, the structural iron workers seemed to feel themselves justified in dynamiting over 100 properties and destroying many innocent lives.

Police Commissioner Arthur Woods, of the city of New York, in his testimony before the United States Commission on Industrial Relations in May, 1915, at Washington, D. C., speaking of violence by labor unions, among other things, said:

The result of our investigation shows a course of procedure like this: There would be a strike and the strikers would retain some gunmen to do whatever forcible or violent work they needed. The employer, to meet this violence, would in a comparatively small percentage of cases, and not as many cases as the gunmen were employed on the other side, hire a private detective agency. The function that the gunmen were to perform was to intimidate the workers that were hired to take the place of the strikers. * * * There were three indictments for murder in the first degree.

The question was asked Police Commissioner Woods in how far his investigations had warranted the statement that appeared in the New York Herald of May 14, 1915, reading as follows:

Several of the indictments mentioned assault upon members of the union, and in this connection District Attorney Perkins said last night that the reign of lawlessness was caused by union leaders who wished to perpetuate themselves in power, who hired assailants to assault contenders in their own unions for their places, and who used their union offices to extort blackmail under threats from employers. Seven men are indicted for assault in a riot for control of the union. Four men are indicted for hiring Dopey Benny's men to go to a nonunion factory and rough-house the employees as they left, and wreck the plant. A dozen workers were wounded in that fight.

Six union men are accused of extortion and assault in using violence to collect a fine of \$100 upon an employer. Four others are accused of hiring the Dopey Benny band to shoot up a nonunion factory. Many shops were fired. The factory suffered a damage of \$1,000 and several persons were injured. Other indictments mentioned cases where the band was employed by union leaders to attack nonunion workers, to wreck factories, and even to assault nonunion men who opposed the leaders (pp. 964-5).

To all of the foregoing, Police Commissioner Woods replied, "That is the general line of things that we found."

One of the ablest and clearest-headed exponents of the cause of labor that testified before this commission was Morris Hillquit, of New York. In speaking of violence in labor troubles, he is quoted as saying,¹ that the resort to violence and lawbreaking was "ethically unjustifiable and tactically suicidal." Mr. Hillquit pointed out that wherever any group or section of the labor movement "has embarked upon a policy of 'breaking the law' or using 'any weapon which will win a fight,' whether such policy was styled 'terrorism,' 'propaganda' of the deed, 'direct action,' 'sabotage,' or 'anarchism,' it has invariably served to destroy the movement by attracting to it professional criminals, infesting it with spies, leading the workers to needless and senseless slaughter, and ultimately engendering a spirit of disgust and reaction."

Robert Hunter, commenting on the foregoing statement made by Morris Hillquit, says (p. viii):

It will, I think, be clear to the reader that the history of the labor movement during the last half century fully sustains Mr. Hillquit's position.

APPRENTICESHIP RULES.

The question of apprenticeships has led to much industrial strife and consequent industrial unrest, where unions have arbitrarily determined the number of apprentices that the employer may take on.

Where this practice has prevailed the union employer has, in competition with the nonunion employer, been seriously handicapped. The remedy for this evil lies obviously in a joint agreement under the direction of the proposed State industrial commissions, in which each side has an equal voice in determining the proper quota of apprentices to be employed.

In conclusion, it is our desire to point out that organized labor is chargeable with its fullest share of creating causes of industrial unrest, because of its sympathetic strikes, its jurisdictional disputes, its labor union politics, its contract breaking, its resort to violence in time of trouble, its policy of limited output, and its closed shop policy. There is an abundance of evidence in the records of the commission to show that organized labor is also guilty of intimidating courts, more especially the lower criminal courts, to deal lightly with labor offenders charged with criminal assaults in labor troubles; and that some judges, more especially in the lower courts, toady to organized labor for vote-getting purposes, and dismiss union labor men guilty of lawbreaking, or impose on them nominal penalties out of all proportion to the crimes committed.

These various policies have brought about their fullest share among the workers, to say nothing of the injury inflicted on employers and on society, of poverty, suffering, wretchedness, misery, discontent, and crime. Organized labor will never come into its own, and will indefinitely postpone the day when its many commendable objects will be achieved in the broadest sense, until it will cut out of its program sympathetic strikes, until it can prevent cessation of work in jurisdictional disputes, until it can more successfully prevent labor union politics, until it can teach many in its rank and file to regard more sacredly their trade agreements, until it can penalize its members for

¹Robert Hunter, *Violence and the Labor Movement*, p. viii.

resorting to violence in labor disputes, and until it can make it a labor union offense to limit output.

Organized labor may ask, "If we cut out the evil policies complained of from our program, what offensive and defensive weapons will be left us with which to protect ourselves against the unfair employer?"

The answer is that when labor is effectively organized it has two most powerful weapons at its command that the employer, as a rule, dreads and fears because of the great damage these weapons can inflict on him, namely, the strike and the primary boycott, both of which are within the moral and legal rights of the worker to use.

Generally speaking, the evils complained of have been eliminated from the program of the railway brotherhoods. As a consequence, railway managers do not hesitate to recognize and to deal with the railway unions, to their mutual advantage and satisfaction, with the result that collective bargaining has become the common condition in the railway world. Railway strikes and lockouts have now become most infrequent, and industrial unrest due to these causes in this sphere of activity has become greatly minimized.

If these evils are eliminated by organized labor from its program, much will have been done to stimulate collective bargaining and to minimize the existing causes of industrial unrest. The remedies for all these evils do not lie with the employer; they rest wholly and solely with unionists. The responsibility for the growth of these evils, in our opinion, rests primarily with unionists who neglect their union duties and who are as unmindful of their duties as union men as are many voters of their civic duty who remain at home on election day.

We have faith in the honesty of purpose, in the fairness of spirit, and in the law-abiding character of the American worker, and we do not believe that the rank and file of American wage earners are in favor of many of the practices of some unions which have subjected unionism to so much severe, but just, criticism. We believe it is the duty of each unionist regularly to attend the meetings of his union in order that democracy shall prevail in trade-unions instead of an autocracy or despotism, which inevitably follows where the best membership fails to attend union meetings and thus permits the affairs of the organization to get into the hands of incompetent, ill-judging, or dishonest officials, who, for their selfish ends, abuse the power and authority vested in them.

Wherever there are found honest, high-minded, clear-headed labor leaders—and in the course of our investigations and hearings we have come into close personal touch with many such as these, who have commanded our esteem and respect—it will be found that, as a rule, they represent unions where the better membership takes a lively and active interest in the welfare of the association, and regards it as a sacred duty to regularly attend its meetings.

We say frankly that if we were wage earners we would be unionists, and as unionists we should feel the keen responsibility of giving the same attention to our trade-union duties as to our civic duties.

The ideal day in the industrial world will be reached when all labor disputes will be settled as a result of reason and not as a result of force. This ideal day can be hastened if the employers, on the

one hand, will earnestly strive to place themselves in the position of the worker and look at the conditions not only through the eye of the employer but through the eye of the worker; and if the worker will strive to place himself in the position of the employer, and look at the conditions not only through the eye of the worker but through the eye of the employer.

This, of course, means the strongest kind of organization on both sides. It means that employers must drive out of the ranks of their associations the law breaker, the labor-contract breaker, and the exploiter of labor. It also means that, in the interests of fairness, every board of directors of an industrial enterprise should have within its organization a committee for the special purpose of keeping the board of directors advised as to the condition of their workers. And it finally means that trade-unions must, in order to minimize the causes of industrial unrest, among other things remove the weak spots in unionism set forth herein, thereby hastening the day when employers will no longer fear to recognize and deal with unions, and when collective bargaining shall thus become the common condition.

Finally, we feel that employers, individually and through their associations, in common with thoughtful representatives of labor, should give their fullest share of thought and lend their heartiest cooperation in aiding to solve, through constructive legislation and other ways, the great problems of vocational education, continuation schools, woman and child labor, apprenticeship, hours of labor, housing, sickness insurance, workmen's compensation, safety measures, old-age pensions, and unemployment. The hope is therefore expressed that employers will strive to work with rather than against intelligent labor representatives in aiding, through these various movements, to lessen industrial unrest and to still further improve the condition of wage earners and their dependents.

HARRIS WEINSTOCK.
S. THRUSTON BALLARD.
RICHARD H. AISHTON.¹

¹ Appointed commissioner Mar. 17, 1915, to serve unexpired term of Hon. F. A. Delano, resigned.

**SUPPLEMENTAL STATEMENT OF COMMISSIONER S. THRUSTON
BALLARD.**

The law creating the United States Commission on Industrial Relations, in addition to other things, says: "The commission shall seek to discover the underlying causes of dissatisfaction in the industrial situation and report its conclusions thereon."

The causes of industrial unrest may be put under five main groups:

First. Low wages.

Second. Unemployment, through seasonal occupations, periods of depression, accidents, and sickness.

Third. The development of large industries.

Fourth. Long working hours and insanitary conditions.

Fifth. Unsatisfactory rural conditions.

I will analyze each of these groups separately.

First. Low wages, with all the attendant evils, I consider the prime cause for industrial unrest.

One of the chief factors in wage depression is undoubtedly the encouraged, stimulated, and probably assisted immigration which has brought to our shores millions of unskilled workers in the last few years. These immigrants, coming from those countries where vastly lower wage rates prevail, develop in America a wage competition of which the employer naturally takes advantage.

The European war will probably relieve this immigration situation for the next few years, but it is a question to which our Government must give serious consideration in the near future.

Inefficiency of the unskilled worker is also a contributory cause of low wages. The average applicant for work is irresponsible and untrained.

With all our vaunted free-school system, our industrial education is deplorable. In our large cities they are beginning to consider the question seriously, but our rural schools are lamentably deficient. This inefficiency, which tends to lower the whole standard, can be corrected only through improved educational facilities.

Government assistance should be given to aid in the establishment of vocational, trade, and continuation schools as a part of our public-school system.

The gravitation of industries into large units has caused the skilled worker to be supplanted by the unskilled, who becomes merely a cog in the wheel of the great machine, performing the monotonous duties that anyone could easily do after a few weeks' practice.

The wages of the unskilled laborer are so pitifully small that it is almost impossible for him to maintain a family, even with the most rigid economy.

I suggest as the only remedy for low wages, due to these conditions, the enactment of a national minimum wage law.

Second. Under the second cause of industrial unrest—unemployment—we have seasonal occupations, as, for example, ice cutting and logging in winter, harvesting and fruit-picking in summer.

This problem will always be with us, and should be dealt with through an efficient system of national employment agencies, to be administered by the Federal Government.

Private employment agencies have proved inadequate; have even in many cases been used to exploit the worker. I therefore strongly recommend that all employment agencies be managed by the Government.

We have also unemployment due to periods of depression. The Federal employment agencies would take care of these cases, bringing, when possible, the man and the job together, but in periods of long depression, when no work is to be found, Government, State, and municipal work, which had been held in reserve for this purpose, should then be provided.

Should all these resources be exhausted and there still remain unemployed workers, there should be Government concentration camps where work with a small wage would be provided, supplemented by agricultural and industrial training.

The fear of unemployment because of accident or illness fosters a feeling of discontent which tends to cause industrial unrest.

Workmen's compensation laws and sickness insurance, with proper restrictions, would be the proper correctives here.

Workmen's compensation laws thus far developed protect the man only when accident occurs during working hours, and this is paid for entirely by the employer. If an accident occurs causing injury to a man just before entering his work place, the consequent loss to his family is just as great as though he had been hurt five minutes later within the factory walls, and yet he receives nothing.

I therefore recommend that the workmen's compensation law should provide insurance against accident wherever and whenever caused. This insurance, however, should be paid by the man himself, his employer, and the Government jointly. The same idea should apply also to sickness insurance.

The worker himself should feel these responsibilities and should always share the expense of such insurance.

Third. We have, as the third cause for industrial unrest, the development of large industries with their absentee ownership. Large business, properly controlled, is an economic benefit, but the very size makes coordination between the employers and workers most difficult. There is no personal contact, hence a lack of sympathy and understanding.

Where a few cents per day in the wage of the individual workman means hundreds of thousands of dollars annually to the business, and where there are so many units that one foreman can be pitted against another to maintain the cost of production at the lowest possible point, the natural tendency is to depress the wage.

As to the remedy, I would suggest that all corporations doing interstate business be required to take out a national charter that will entail certain responsibilities and possibly grant certain immunities from State control.

This charter should not allow overcapitalization. Each board of directors, in addition to its other committees, should have a labor

committee whose duty it should be to become thoroughly acquainted with the labor conditions of the business, and make regular reports thereon to the board. These reports should be published with the financial and other reports, and thus give the stockholders a thorough understanding of the business.

Fourth. Long working hours and insanitary conditions are additional factors in the problem of industrial unrest. Nothing affects the man's physical well-being, and consequently his earning power, more than these.

The remedy will be found in publicity and legislation, with factory inspection by competent Government officers.

Personal experience for a number of years convinces me that in continuous occupation, workmen will do more work and better work on an 8-hour basis than on 12, and that one day in seven for rest must be allowed if the man is to develop the fullest degree of efficiency.

I therefore favor a national eight-hour law for continuous labor.

Sanitary conditions of work I have found to be a paying proposition to the employer, as well as just and beneficial to the worker.

Fifth. With regard to unsatisfactory rural conditions, I view with real concern the fact that our small landowners are becoming tenants, while the small farms are passing into the hands of a few.

Everything possible should be done to aid and encourage our farmers; the United States Government should adopt a plan for the scientific distribution of our agricultural products, and for a rural-credit system, as it is practiced to-day in some foreign countries.

Unsatisfactory rural conditions which make it difficult for the small farmer to earn a decent livelihood for his family cause many poorly equipped young men and women to flock to the cities. As a rule, they are thoroughly inefficient and lamentably ignorant of the temptations of city life, and are rarely able to earn a living wage.

Life on the farm should be made sufficiently attractive and lucrative to induce these boys and girls to remain there. This can be done only through our rural schools, which are now most inadequate.

The education of country children must fit them for country life. No love of the beautiful, no patriotic gratitude to his country for his education can be felt by the child who spends weary months in uncomfortable hovels, where he receives impractical and frequently useless instruction.

Our Government should aid the States in establishing comfortable rural schools, with longer terms and with better-paid and better-equipped teachers.

In every rural school there should be departments of household arts—that is, cooking, sewing, and millinery—and manual training and agriculture. These schools should be open for agricultural instruction throughout the summer—in fact, each one should become an experiment station for the neighborhood. The schoolhouse should be the social center—the meeting ground for instruction and social pleasures.

In order to satisfactorily carry out the suggestions contained in this report, it would be necessary to have a nonpartisan commission in charge of industrial questions, as suggested by the majority report of this commission.

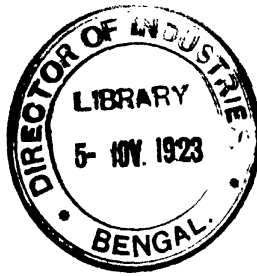
This would require large additional revenue, which must be derived by some form of taxation.

The fairest of all taxes are the income and inheritance taxes. This question, however, must be carefully studied and weighed, since the tax is paid by one class while the benefits are largely enjoyed by another.

Care should be taken that it does not become confiscatory, and thus stifle individual incentive and effort.

In addition, I believe that every individual should pay his proportion, no matter how small it may be. It will inspire in him a feeling of citizenship and make him an integral part of our Nation.

S. THRUSTON BALLARD.



III

Report of Commissioner John B. Lennon on Industrial Education

SIGNED BY

Commissioners Lennon, O'Connell, Garretson,
Ballard, and Walsh

REPORT OF COMMISSIONER JOHN B. LENNON ON INDUSTRIAL EDUCATION.

The Commission on Industrial Relations gave careful study and investigation to the subject of industrial or vocational education. We found the general subject of education, whether academic, cultural or industrial, so exceedingly important and interesting to all classes of citizens as to warrant a brief statement covering especially the subject of the pressing need for industrial education and the bearing that such education would have upon industrial unrest.

The terms "vocational" or "industrial" education are used to indicate the training given in many varieties of schools and by many different modes of teaching. Our attention has been almost entirely confined to a study of that kind of education which has to do with the preparation of boys and girls for useful employment in industry, particularly as applied to mechanical and agricultural employment.

DEMAND FOR INDUSTRIAL EDUCATION.

The great importance of this subject appears to be fairly well appreciated by every class of our citizenship, trade-unions, employers' organizations, educators, merchants, legislators, etc. The universal interest in this subject warrants the conclusion that its proper solution is of paramount importance to the welfare of the Nation, in order to establish that kind of education that will enable the boys and girls of the United States to enter upon their industrial life properly equipped to make their lives a success. Our attention has been forcibly called to the fact that the great mass of the wageworkers are without any accumulated means. Their children are therefore compelled to enter gainful pursuits at an early age. Therefore the great need that our system of education should be so constructed as to equip these boys and girls with vocational and industrial knowledge that would make them, from the beginning, useful workers, enabling them to earn and demand a living wage and treatment that will not be injurious to their future welfare, as well as the opportunity to advance from time to time in their chosen occupations.

Among the tramps and hoboes, also in the ranks of those who are employed only when labor is scarce, we have found thousands of graduates of grammar and high schools, some even having the advantage of a university education, indicating that however cultural their education may have been it was not always of practical value in the mill, in the shop, or on the farm.

Private trade schools can not remedy this. They are operated generally in the interest of employers and do not give the most important element of education—namely, the interest of the workers themselves—the consideration it deserves.

The private training school can not cover this problem. All boys and girls require this practical equipment, and it can be secured only through and in connection with our system of public schools. To properly perform this duty, the general responsibility rests on all our people. It is a public and not a private function, and the State and Nation must be held responsible for its early and successful solution.

The needs of modern industry do not seem to be met by any existing scheme of training for general usefulness in the crafts or for the development of all-around mechanics. Therefore, the pressing need is for a general educational policy that will make possible a continuous development of both adults and minors in industry who are over 14 years of age. Boys or girls who go into the shop at 14 or later develop into specialists but not mechanics. If for any reason they lose their job they are no more fit for another place than they were when they first began. The work, therefore, that must be done for those already in industry is to train them to fit into work wherever help is required in the shop.

Our public schools must be prepared and required not only to give some vocational consideration to pupils over 14 years of age who remain in the schools, but to provide for compulsory continuation daytime schools on the time and at the expense of employers, and voluntary night schools for both academic and vocational training for boys and girls who are at work and for adults who desire further knowledge which will be of use in their vocation.

We hold that all experience shows conclusively that public instruction privately controlled or any plan that fails to comprehend the entire number of pupils in the United States is dangerous and unworthy of support.

We hold that the advantages of vocational education should be open to all adults or minors in the public schools if they remain after 14 years of age, and in night schools and continuation schools after they enter industry, and these advantages we believe should be provided entirely at public expense.

There seems to be but slight, if any, advantage to be obtained by undertaking vocational training of pupils before they reach the age of 14. Their entire time prior to that age is required to lay a foundation for what may be termed their general education. This being true beyond any question, the State must provide for education after entrance into industrial life as well as before. Fairness to all classes demands the opportunity for vocational teaching after the boy or girl of 14 or over has entered industry.

The children of the well-to-do parents are continued at school through the several years of high-school work entirely at public expense, in order to fit them for professions and business life. Is it unreasonable that the public should equally provide schooling for those who, because of economic pressure, must enter industry at from 14 to 16 years of age?

This the working class demands for their children, and it must be provided if our public-school system is to continue to hold a high place in the respect and esteem of all classes of our citizens. In a Republic such as the United States, the school system should be adapted to the needs of all classes, rich and poor; those who are to

enter professions and those who are to go into the shop, the factory, the mill, or to work upon the land.

We believe it to be assured that if all our schools will extend practical vocational teaching to cover instruction after 14 years of age, a very large number of pupils will remain at school until the age of 16 or even later, if the school is providing for their future usefulness and success as well as or better than can be done in the factory. This is the most important element in the consideration of the subject of industrial training. Keep the children at school as long as possible, extending their vocational knowledge, widening their academic training, teaching them not only their rights but their duties as citizens of our Republic, stirring their ambition for a life worth living, and making of them dear men and women rather than cheap.

It can not be denied that our public schools, as now generally conducted, do not accomplish as much work that is substantially effective in fitting their pupils for productive labor with their hands as should be the case. We must have a plan of education in the school that develops both the power to think and the power to do.

We find that as a rule the first eight years of the school life of a boy or girl must of necessity be very largely, if not entirely, devoted to work of a cultural character, for the reason that up to the age of 14, when the first eight years of school life are completed, neither boys nor girls have developed any clearly defined likes or dislikes as to what their life work shall be, nor can either parents or teachers be considered safe guides as to the careers of children of that age. Justice, as well as the best interest of the pupil, demands that the desires and wishes of the child shall have primary consideration in the determining of his life work, and to assign this work arbitrarily, either by the school board, the teacher, or even the parents, is not much less than criminal.

The schools should provide the greatest possible variety of occupations, making the opportunity of choice as varied as possible. And this vocational training should be in the same building as that where the child spends his first eight years in school, in order that by observation of the vocational work and by contact with the pupils and vocational teaching, he shall have every possible opportunity to determine what he wants to study for a vocation.

Industrial education in the United States is on trial. It will and should be judged by practical men and women, and that course should be pursued which promises the best possible results.

CONTROL OF VOCATIONAL SCHOOLS.

It is believed that all vocational schools should be a part of the public school system; that they should be entirely free, supported by the National, State, county, or city government; that all textbooks and equipment should be furnished to the pupils free; and that a plan of management of such schools should be developed which would give to the workers and employers in each community, in the State, and in the Nation, a potent voice in their entire control, in conjunction with the regular boards of school officials. As to vocational school work, the committee in control should consist of an equal number of members representing organized labor, organized

employers, and the regularly constituted school authorities, a majority of whom would be required to finally determine practices and methods. Every vocational teacher should be a practical man or woman from the trades or occupations taught; and the product, if any, of such schools, should not be sold on the market in competition with regular industry. Ample opportunity exists for the use of any possible product of the vocational schools by the city, county or State.

GENERAL RECOMMENDATIONS.

The establishment of vocational schools for all children in school over 14 years of age is advocated, as well as compulsory continuation and night vocational schools, with such academic work as may be advisable for all persons over 14 years of age in industry and agriculture.

Education vitally interests all our people and neither money nor time should be spared to make the education of the United States the most thorough, the most potent for human uplift and progress, of any system of education in the world. To lead in this great work is our proper position, not to follow. Thoroughness should be the aim of our Nation and our States. Poorly trained workers in industry are now entirely too plentiful. This should be overcome by excellent vocational training. We believe there are now too many cheap workmen. This Nation should work for men, women, and children who will not consent to cheapness, either in wages, conditions of labor, or character.

The public schools, whether academic or vocational, should be entirely neutral as to unions and their control, and exactly the same should be true as to the exercise of any control for class interests by employers or employers' organizations. And surely there is no room in our schools to warrant the teaching of any degree of hostility toward trade unions or employers' organizations.

The general recommendations of the special commission on national aid to vocational education have our most hearty approval and we approve of the passage of a law by the Congress of the United States with that end in view. The need of the States for such assistance is clearly set forth.

It is recommended that Congress authorize by law the creation of a Federal board to administer funds appropriated by Congress to the several States for vocational education, the board to consist of three members, one educator, one representative of organized labor, and one representative of organizations of employers, to be appointed by the President with the consent of the Senate, to serve for a term of six years, the first appointments to be for two, four, and six years; with salaries of \$8,000 each per annum; the Federal board so constituted to establish rules and standards for expenditure of Government funds awarded to the several States.

The Federal board shall require of each State asking for Government funds the adoption of the following standards before any awards can be made or funds be appropriated by the board:

1. Compulsory daytime continuation schools for all children in industry between the ages of 14 and 18 years, for not less than five hours per week, at the expense of their employers.

2. Night schools for all persons over 18 years of age who are desirous of further educational opportunities, either cultural or vocational.

3. Standards of efficiency for teachers.

4. Joint State control in administration of vocational education by public-school authorities, organized labor, and organized employers, with equal representation.

5. The Federal board to establish some model schools for industrial training in agriculture and vocations, as examples to the several States.

This problem of vocational education not only is important materially but is intimately a human problem, involving as it does the social welfare and progress of all the people.

The boys and girls of the farm, if assured by proper education of becoming generally successful farmers, will remain farmers, rather than undertake to compete in the industries with properly trained workers of the cities. This will help to solve the problems that are threatening injury to our great agricultural industries, and will eliminate a cause of industrial unrest.

In the farming districts the country school remains practically as it was 50 years ago. Pupils are not taught what is essential to develop them into excellent farmers and farmers' wives, but the cultural education of days gone by is continued, to the considerable exclusion of teaching how to farm and how to manage a farmer's home. Surely the Nation has here a mission of helpfulness to perform that which, as a great nation, it can not longer afford to leave largely neglected. Its prosperity as a nation depends upon the character and efficiency of its men and women much more than upon its geographical position or the quality of its soil, and to build character and effectiveness we must lay the foundations well by a proper education of our boys and girls. We should not strive merely for educating them into correctly working automatic machines. The human side must be uppermost and receive attention of the most careful nature. It is not worth while to make square holes and then try to fit into them round men and women.

Education should take into account, at every stage, manhood and womanhood, and where and how the life is to be surrounded, and what can be done through education to make each life successful and therefore worth while. Dexterity is worth while, but good character is more vital to real service in the world of industry and civilization. At present our schools in city and country do not make good, either in the development of skill, in the duties of service, or in a clear understanding of human rights and consequent human duties toward our fellows. Industrial education can not possibly take the place of industrial experience. All that can be hoped for is that our schools will make their teaching a real preparatory process for entering upon industrial life, with proper conception of life work instead of no conception at all.

CONTINUATION OR PART-TIME SCHOOLS.

All minors entering industry after 14 years of age are entitled to further aid from organized society in order to enable them to complete their vocational and cultural education. This is possible only through the establishment of compulsory day time continuation schools of at least five hours per week, at the expense of employers, and night schools. The eagerness with which minors and adults

take advantage of such schools is sufficient evidence to warrant legislation giving these opportunities to all minors and to such adults as may care to take advantage of them. These schools, in order to be of value, must be compulsory upon all minors in industry up to at least 18 years of age. Schools in the United States should meet fully the needs of every class of pupils, those who expect to enter colleges and prepare for the professions as well as the much larger class that is to enter industrial life. The parents of the wageworking class contend, with much reason, that their children are not given the same vocational consideration under our present school systems as are the children of the well to do who expect to become lawyers, doctors, etc.

The State has established schools to train, for a useful industrial life, the mentally, morally, and physically deficient, and this effort has the hearty approval of every good citizen. If this work is worth doing, then it must be of vastly greater importance to establish one general scheme of education so as to make useful men and women out of the normal boy and girl, and neither expense nor investigation should be spared to accomplish this most desirable object.

TEACHERS.

It seems self-evident that no one can successfully teach others that of which he has no knowledge himself. We recommend, therefore, in the selection of teachers to impart trade education that only practical workmen shall be used. They should be selected with care as to character, and, as far as possible, craftsmen should be selected as trade teachers who have a considerable degree of cultural education. The opportunity should be continually extended for the proper education of teachers capable of teaching vocations, and, in so far as it may be advantageous, academic education also. The need of well-developed brain power is not waning in the least. What is demanded is the educated hand to apply in industry the ideas and knowledge of the brain. Our children need to know more as to their economic value and more of their social duties and responsibilities. The schoolhouse is the place where much of this should be taught, in order that the duties of honorable citizenship shall be appreciated. Real social service is the highest attainment the individual can aspire to reach. All education is of value in life, and the State should properly be held responsible for the education of her children, in order that the best possible use shall be made by the greatest possible number of the opportunities of life as they present themselves from year to year.

CONCLUSIONS.

The existing system of public education is inadequate. The present specialization of shop conditions is not favorable to a complete mastery of any trade or calling in the shop, store, or industry. This being admittedly true, it devolves on our public-school system to meet adequately the emergency in conjunction and cooperation with industry. The temperamental difference in children must have consideration in determining their life work and preparation therefor. The boy or girl must not become merely a cog in the great wheel of industry. Therefore the urgent need of vocational education in con-

junction with practice in the shop or factory that makes each individual in a few years capable to fit into any place in the industry where help may be required. We now have too many handy men and specialists, who have no place into which they can fit when for any reason their particular work is no longer required.

Vocational education, on account of the wonderful changes in industrial production, must take the place of apprenticeship. To solve this problem right is to find a solution for much of the unnecessary social unrest of our day and generation.

There can be no question that industrial education is coming rapidly. Prejudiced opposition will be futile. The necessity is great and it must and will be met. The National Government should properly perform its full share of the responsibilities of meeting this demand for the best and fullest education of our children.

The entire subject is dealt with exhaustively in the report of the Special Commission on Vocational Education, which submitted its report June 1, 1914.

JOHN B. LENNON.
JAMES O'CONNELL.
AUSTIN B. GARRETSON.
S. THURSTON BALLARD.
FRANK P. WALSH.

IV

ADDITIONAL FINDINGS OF FACT, CONCLUSIONS, AND RECOMMENDATIONS

ADDITIONAL FINDINGS OF FACT, CONCLUSIONS, AND RECOMMENDATIONS.

At regular sessions of the commission with all members present, the following resolutions were offered for adoption as a part of the commission's report to Congress. The members of the commission whose names appear in connection with the various resolutions voted for their adoption and thereby made the resolutions a part of their individual reports to Congress.

ADOPTED BY UNANIMOUS VOTE.

Whereas the commission finds that the terms "open shop" and "closed shop" have each a double meaning, and should never be used without telling which meaning is intended, the double meaning consisting in that they may mean either union or nonunion: Therefore, for the purposes of this report, be it

Resolved, That the Commission on Industrial Relations will not use the terms "open shop" and "closed shop," but in lieu thereof will use "union shop" and "nonunion shop."

The union shop is a shop where the wages, the hours of labor, and the general conditions of employment are fixed by a joint agreement between the employer and the trade-union.

The nonunion shop is one where no joint agreement exists, and where the wages, the hours of labor, and the general conditions of employment are fixed by the employer without cooperation with any trade-union.

Wherever the terms are used in this report, they bear the interpretation as set forth above.

ADOPTED BY MAJORITY VOTE OF COMMISSIONERS WALSH, LENNON, O'CONNELL, GARRETSON, AND WEINSTOCK.

The sources from which industrial unrest springs are, when stated in full detail, almost numberless. But, upon careful analysis of their real character, they will be found to group themselves almost without exception under four main sources which include all the others. These four are:

1. Unjust distribution of wealth and income.
2. Unemployment and denial of an opportunity to earn a living.
3. Denial of justice in the creation, in the adjudication, and in the administration of law.
4. Denial of the right and opportunity to form effective organizations.

We recommend that private ownership of public utilities be abolished and that the States and municipalities take over the same under

just terms and conditions, so that they may be operated by the States or municipalities.

RECEIVED APPROVAL OF COMMISSIONERS WALSH, LENNON, O'CONNELL, AND GARRETSON.

We find that the limitation of the right of suffrage to men has been a most serious handicap to women in industry in their long and splendid struggle to secure compensation for their labor, humane working conditions, and protective laws.

We recommend that private ownership of coal mines be abolished; and that the National and State Governments take over the same, under just terms and conditions, and that all coal lands shall thereafter be leased upon such terms that the mines may be cooperatively conducted by the actual workers therein.

All religions, the family life, the physical well-being of the worker, the integrity of the State, and the comfort and happiness of mankind require that no human being shall be permitted to work more than six days in each week. This commission refuses to recognize any claim of so-called business expediency or alleged domestic or public necessity which ignores this elemental and righteous demand. We therefore suggest that stringent laws be passed by State and Nation making it an offense punishable by fine and imprisonment to permit any person to work more than six days in each week.

We find that practically nothing has been done toward the very necessary development of organizations of women engaged in domestic service, and that no standards governing the toil of the thousands thus engaged have been established.

As a necessary step in this direction we recommend that the hours of such workers should be limited to eight per day; that no such persons be permitted to work over six days in each week; that a minimum wage be fixed for this class of employees which will insure them a comfortable life without being required to live in the homes of persons employing them, where they may be subjected to objectionable or uncomfortable living conditions.

That all of the improvements and safeguards recommended for adoption in this report as applying to women in other lines of industry shall apply with equal force and effect to women engaged in domestic service.

We find that the direct and proximate cause of the killing of men, women, and children, destruction of property, and looting of the homes of the striking miners in the southern Colorado coal fields during the strike therein was the arbitrary refusal of the coal-mine operators to meet and confer with the representatives of the workers in their several mines. Inasmuch as the officials of the Colorado Fuel & Iron Co. admit that said company fixed the prices and conditions of labor in the State of Colorado at the time in question, after fully considering and weighing all of the testimony advanced at the public hearings, and especially the admissions and declarations of the officers and directors of the Colorado Fuel & Iron Co., including Mr. John D. Rockefeller, jr., we find that the final and full responsibility for the refusal to confer with said representatives, and for all the deplorable results which followed such refusal, must be

placed upon Mr. John D. Rockefeller and Mr. John D. Rockefeller, jr.

We wish to report to your honorable body that Mr. John D. Rockefeller, jr., and Mr. W. L. Mackenzie King, witnesses regularly called before this commission, refused to answer questions relevant and material to the inquiries provided for in the act of Congress creating this commission, as shown by the excerpts from the official transcript of the testimony filed herewith and attached hereto, and we therefore recommend that the said witnesses be summoned by the House of Representatives, according to its usual procedure, immediately upon its convening, or as soon thereafter as may be reasonably convenient, and that said questions again be propounded to said persons, and that they be compelled to answer the same.

QUESTIONS WHICH MR. W. L. MACKENZIE KING REFUSED TO ANSWER.

Chairman WALSH. What salary do they pay you?

Mr. KING. That is a matter you do not have a right to inquire into. I was asked if I would undertake this work for a period of years. I said I would not, that all I would undertake to do was to take it for a year; that I wanted to be perfectly free at the end of a year to terminate my arrangement with the Rockefeller Foundation if I did not see it was going to give the opportunity for the practical results I wanted to get. I made an undertaking with them on that basis, with that understanding, and they asked me to take it for another period of time, and I refused, and I made the further stipulation that if by any chance an election should be brought on in Canada, I should resign before that time. I think under those circumstances the public would hardly expect me to answer what particular remuneration I am receiving.

Chairman WALSH. Are you going to make your report to anybody? Are you going to give anybody these facts that you are collecting, the result of these interviews?

Mr. KING. No, sir; I have not decided that, but if you mean am I going to give them to anybody connected with the Foundation or Mr. Rockefeller, I would say no.

Chairman WALSH. Are you going to give them to the Government?

Mr. KING. No.

Chairman WALSH. Are you going to give them to the organizations of workers?

Mr. KING. I will give them the results.

Chairman WALSH. But as far as the facts are concerned, your purpose is to keep them absolutely secret?

Mr. KING. No, sir; I would not be telling the truth to say that.

Chairman WALSH. Who are you going to tell them to?

Mr. KING. On that I shall use my own judgment.

Chairman WALSH. Did you talk to the president or secretary or treasurer of the United Mine Workers of America in Denver?

Mr. KING. I have said already, Mr. Chairman, that I desired to have regarded as confidential the persons that I saw.

Chairman WALSH. Did you call upon the president, the secretary, or the treasurer of the State Federation of Labor of Colorado?

Mr. KING. I have already stated that I intend to regard as confidential the interviews that I had in Colorado. That is my position in regard to that. * * *

Chairman WALSH. I asked if you saw the president, the secretary, or the treasurer of the United Mine Workers of America or the president, the secretary, or the treasurer of the State Federation of Labor of the State of Colorado?

Mr. KING. I remain just exactly where I put myself before.

CHAIRMAN WALSH. You refuse to answer that question?

Mr. KING. I refuse to disclose any of the interviews I had in Colorado; and let me make this perfectly plain, Mr. Chairman. I saw some of the persons you have mentioned—

Chairman WALSH (interrupting). Name them.

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Mr. KING. No; I will not. I do not intend to disclose the names, and I do not intend to let the impression go abroad that I avoided seeing anyone, not for one minute. * * *

Chairman WALSH. Did you find it [industrial unrest] very bitter in Colorado? Mr. KING. I prefer not to discuss the Colorado situation at all.

Chairman WALSH. Please outline for this commission the policies which you consider should be put into effect in Colorado in the industry of the Colorado Fuel & Iron Co.

Mr. KING. No, Mr. Chairman. I have said I do not desire to discuss the Colorado situation.

Chairman WALSH. Do you consider that the miners in Colorado were justified in demanding a recognition of their national union?

Mr. KING. I have already said I don't care to discuss the merits of that strike one way or the other.

Chairman WALSH. Where do you keep them [referring to notes Mr. KING testified he had made in Colorado]?

Mr. KING. I am not going any further in my answer.

Chairman WALSH. Think again, and maybe you will go further?

Mr. KING. No; I won't.

Chairman WALSH. Are they in charge of anyone else or in your possession?

Mr. KING. That is my affair, Mr. Chairman.

Chairman WALSH. Are they kept in New York or Washington or at your home?

Mr. KING. They are not kept either in New York, Colorado, or at my home at this moment.

Chairman WALSH. In Washington?

Mr. KING. I have nothing further to say.

Chairman WALSH. It is a dead secret?

Mr. KING. Yes; a dead secret.

QUESTIONS WHICH MR. JOHN D. ROCKEFELLER, JR., REFUSED TO ANSWER.

Chairman WALSH. It is not in a letter. It was in a newspaper statement. Did you write your own newspaper statements, or were they dictated, or were they written by some one else?

Mr. ROCKEFELLER. I assume the responsibility for everything that was sent out in my name. * * *

Chairman WALSH. Did Mr. Ivy Lee write the newspaper interviews purporting to come from you?

Mr. ROCKEFELLER. I have answered the question.

Chairman WALSH. Do you assume the responsibility for that?

Mr. ROCKEFELLER. For everything that goes out in my name.

Chairman WALSH. I am asking for the fact. Did you write it?

Mr. ROCKEFELLER. I have covered the situation, Mr. Chairman.

Chairman WALSH. You do not care to go any further?

Mr. ROCKEFELLER. I do not. I do not think it necessary.

Chairman WALSH. Did you write that answer? [Referring to the prepared statement which Mr. Rockefeller read upon the stand.]

Mr. ROCKEFELLER. I take the responsibility for that entire answer.

Chairman WALSH. Did you write it or did somebody else write it for you?

Mr. ROCKEFELLER. It is not a matter that I think is material.

Chairman WALSH. Did Mr. Lee write it?

Mr. ROCKEFELLER. I have no further answer to give.

Question. What agreements or understanding, verbal or written, exist between the Foundation and Mr. King, regarding the scope of the work which is to be done under his direction, and the method of investigation which is to be pursued?

(a) By whom was the arrangement with Mr. King made?

Answer. Mr. King was appointed pursuant to a resolution adopted at the meeting of the executive committee of the Rockefeller Foundation held August 13, 1914, of which the following is a copy:

"Resolved, That William Lyon Mackenzie King be, and he is hereby, appointed to make a comprehensive study of the problem of industrial relations at a salary of \$— a year from October 1, 1914.

"It was, on motion, further

"Resolved, That the secretary be authorized to approve all bills for necessary traveling expenses and all other expenses incurred by Mr. King in the

pursuance of his work under the direction of the executive committee. The secretary presented a recommendation from Mr. King for the employment of Robert F. Foerster, Ph. D., to prepare a catalogue, etc."

The amounts of the salaries have been omitted as being information of a confidential nature not material to this inquiry.

RECEIVED APPROVAL OF COMMISSIONERS WALSH, LENNON, AND O'CONNELL.

The money with which the Rockefeller Foundation was created and is maintained consists of the wages of workers in American industries. These wages were withheld by means of economic pressure, violation of law, cunning, and violence practiced over a series of years by the founder and certain of his business associates.

Under the law as it now exists, it is impossible to recover this money and pay it over to the equitable owners. We therefore recommend that appropriate legislation be passed by Congress, putting an end to the activities of this foundation, wherever the Federal law can be made effective, and that the charter granted by the State be revoked, and that if the founders have parted with the title to the money, as they claim they have, and under the law the same would revert to the State, it be taken over and used by the State for the creation and maintenance of public works that will minimize the deplorable evil of unemployment, for the establishment of employment agencies and the distribution of labor, for the creation of sickness and accident funds for workers, and for other legitimate purposes of a social nature, directly beneficial to the laborers who really contributed the funds.

**TESTIMONY TAKEN AT HEARINGS
HELD BY THE COMMISSION ON
INDUSTRIAL RELATIONS**

**INCLUDING ALL EXHIBITS, EXCEPT THOSE IN PRINTED
FORM, SUBMITTED BY WITNESSES WITH THEIR
TESTIMONY**

SUGGESTIONS OF EXPERT WITNESSES
REGARDING INVESTIGATIONS

COMMISSION ON INDUSTRIAL RELATIONS.

WASHINGTON, D. C., December 29, 1913.

Present: Frank P. Walsh, chairman, Missouri; John R. Commons, Wisconsin; Mrs. J. Borden Harriman, New York; Frederic A. Delano, Illinois; Harris Weinstock, California; S. Thruston Ballard, Kentucky; John B. Lemmon, Illinois; James O'Connell, District of Columbia; Austin B. Garretson, Iowa, commissioners.

The commission met, pursuant to adjournment of Saturday, October 25, 1913, at 10 o'clock a. m.

Commissioner COMMONS. There are two corporations which have recently been formed that are represented here. One is called the National Council of Industrial Safety. The men concerned with that are Mr. J. D. Beck, Mr. W. H. Cameron, and Mr. R. W. Campbell, president of that council, and Mr. C. W. Price. Those four men represent the National Council of Industrial Safety. That council represents the expert safety men of the largest corporations of the country. They propose to tell the work that they are doing and how their organization is effected, what its purposes are, and the results that they have accomplished, and to offer cooperation of some kind with this commission. The other organization is a newly created one of the State and Municipal Bureaus of Labor Employment. The men who represent that are Mr. Croxton, who was formerly in the Bureau of Labor here in Washington, and is now at the head of that work in Ohio.

Commissioner GARRETSON. Was he with the Labor Bureau of the Interstate Commerce Commission?

Mr. LAUCK. The Bureau of Labor Statistics.

Commissioner GARRETSON. Was he not detailed for service with the commission just before leaving?

Mr. LAUCK. That was just in an advisory capacity.

Commissioner GARRETSON. That may have been so. I knew the man as an Interstate Commerce Commission man, but not a Department of Labor man.

Mr. LAUCK. No; he was from the Bureau of Labor Statistics, and was over there advising about railway wage statistics.

Commissioner O'CONNELL. What is his name?

Commissioner COMMONS. Croxton. The other interested party is L. A. Halbert, who has charge of the work in Kansas City, and who has done some good work in connection with employment offices. The third man, Mr. William Leiserson, has charge of the employment offices in Wisconsin.

These people have recently effected a national organization extending from Massachusetts to Oregon, of an organization of public employment offices, and are working out plans of uniformity in interchange, and are thinking of a large organization to develop that line of work throughout the country.

Those two organizations are here as organizations, or at least as individuals in an executive capacity in those organizations, and they have definite and specific things in mind to bring up.

On farm labor there are two people here, Mr. Charles W. Holman, of the University of Texas, who has knowledge of the Renters Union, of the I. W. W. organization of farm laborers in Texas, and Mr. Herbert Quick, representing one of the agricultural papers. These men would naturally come at the same time when the consideration of other employment questions come in.

Commissioner DELANO. Who is that?

Commissioner COMMONS. Charles W. Holman and Mr. Quick, a newspaper man. I took up the matter of inviting these people and talked it over with Commissioner Walsh, with the idea that we would get before us three large movements in general that are going on, that we would have to take account of, and those who are urgent in getting a hearing first would be the Council

of Safety men. They would like to close up at one continuous session and then get away. They must get away this evening. The others will be like Mrs. Kelley. Now, if there are any other individuals like Mrs. Kelley who wish to be heard to-day—

The CHAIRMAN. After these names were agreed upon by Prof. Commons and myself I talked to Mrs. Harriman, and she thought she would like to have two who would pay particular attention to woman and child labor, and at Mrs. Harriman's suggestion I invited Mrs. Florence Kelley and Mrs. Robins, and they are here.

Commissioner HARRIMAN. You might speak of the matter of the advisory board.

The CHAIRMAN. Yes. Mrs. Harriman had an idea that it might be a good thing to have an advisory board of women throughout the country, but that will come up later. Are they going to make some suggestions about that?

Commissioner HARRIMAN. They are on that board, and they are going to make suggestions.

The CHAIRMAN. Mrs. Harriman, you asked a number of women throughout the country to cooperate with us as an advisory board?

Commissioner HARRIMAN. The idea of that was that we would try to get both radicals and conservatives, so that they could go along with us and make suggestions and criticisms on the question of woman and child labor rather than oppose us and tear everything to pieces.

Commissioner O'CONNELL. You have succeeded, as far as those two are concerned—

Commissioner HARRIMAN. In getting radicals?

Commissioner O'CONNELL. Yes.

Commissioner HARRIMAN. Do you not think it is a good idea to have their suggestions and that it is better to have them with us than to have them going after us and tearing everything to pieces?

Commissioner O'CONNELL. You have succeeded at the start, anyway.

Commissioner COMMONS. May I ask the members of this National Council of Industrial Safety to come before us now?

Commissioner HARRIMAN. I had a letter about that man who is going to Australia. He is going to start to-morrow, I think. Chairman Walsh has the letter. He is going to Australia on some other business and make some investigations for us, and as he is here and can be seen to-day it might be a good thing to invite him up.

The CHAIRMAN. Mr. Lauck took that up with me this morning, but we concluded we did not have time to hear him to-day.

Commissioner HARRIMAN. While I was in New York I found that he was considered to stand very high. I do not know him myself.

The CHAIRMAN. Mr. Lauck thought we could not do anything worth while in the time he had if he had to go to-morrow.

Commissioner GARRETSON. He could not make anything plain in that time.

Commissioner COMMONS. I was going to ask whether we shall hold an evening session. If so, we might ask Mrs. Kelley and Mrs. Robins to appear this evening and be sure of finishing the hearing with these other people this morning and this afternoon.

Commissioner HARRIMAN. Anything will suit me.

Commissioner GARRETSON. If they are going away to-night, we will accommodate them in any way we can.

Commissioner DELANO. This Safety Committee are going away this afternoon.

Commissioner BALLARD. Our commission has employed a managing expert and, as I understand, we propose to put into various fields experts selected by our managing expert, and probably men who are recommended to the commission, and finally to be employed by the commission after careful examination; and I had the impression that these experts were the ones on whom we were to rely for our facts and for our work; and the mere fact that a very good man is going to Australia is no particular reason why this commission should employ him or even be in particular communication with him to make any investigation on which the commission is to rely. I should imagine that before our commission expresses we will probably want to send some one, possibly to Australia or elsewhere, to make such investigations as we feel we need; but I imagine that the investigators that this commission will employ will be persons who have been very carefully recommended and very carefully considered, to be sure that they will make such investigations as we need absolutely without bias, and so that the commission may rely upon the information which they furnish to us. I am sat-

isted that a great number of reports that have been made have been more or less biased, and therefore the commission could not accept their conclusions as final. We will be able to make our own investigations, and I am inclined to think that the only experts this commission should have in the field are those who have been carefully considered, carefully investigated, and then carefully approved.

Commissioner LENNON. Mr. President, it seems altogether advisable to hear these other people first. The matters that the chairman desires to submit, which have been referred to by Mr. Lauck and Mrs. Harriman and others may take considerable time for discussion. Suppose we get rid of this hearing and then have our executive session, when we can spend a whole day at it. Is it a matter that can not lie over?

The CHAIRMAN. No; not at all. I understood we had got past that point and that we are going to hear these Council of Safety people.

Commissioner LENNON. Then I move that we begin the hearings, commencing with these safety appliance people, followed by the two women, and then the others just as rapidly as we can reach them.

Commissioner COMMONS. I second that motion.

Commissioner WEINSTOCK. Would it not be well to fix a time limit? Otherwise some of these gentlemen may keep us here two hours at a stretch.

The CHAIRMAN. I think they have all been warned by Commissioner Commons.

Commissioner O'CONNELL. They will not all want to talk.

Commissioner COMMONS. There will be no reiteration.

Commissioner WEINSTOCK. Sometimes when you get an enthusiast before you he overlooks his good stopping points.

Commissioner GARRETSON. His brakes get out of order.

Mr. LAUCK. How about the two women?

The CHAIRMAN. Let them follow immediately.

Commissioner HARRIMAN. Before they come may I say a word in explanation of why they were asked and what the idea was?

The CHAIRMAN. Yes.

Commissioner HARRIMAN. We had so many applications, so many people writing to us all the time, asking what was going to be done in the way of woman's work especially, that we thought we would take everything relating to women and children and put them in one column, and then eventually throw them all back again for a final report, and that we would consider the questions as to the policies that need to be changed. That was the idea Mr. Lauck and I had, and then we thought if we could get an advisory committee of women who were interested in that question, to work throughout the country, and if they could come on here semioccasionally if there was any necessity for it, and hold a meeting, and also if we could send them reports of work as we went along, once in a while, and get their criticisms on it, it would in the end make it much simpler for us than if we did not listen to them and they were ready to tear everything to pieces.

Commissioner LENNON. Most of the women's organizations of the country have written to me, stating that because I have worked with them they expected me to look after the interests of women and children in this investigation. I have worked with them all of my life, and have always worked more with women than with men. That was the reason they expected me to look after their interests. I told them we had a woman on the commission, and I turned their attention toward her to get their work done, telling them at the same time that I would help if I could.

Commissioner HARRIMAN. That is probably the reason why so many of them have written to me. We can work together.

Commissioner LENNON. All right.

Commissioner HARRIMAN. Would you like to know the names of the women who have been proposed for the advisory committee?

The CHAIRMAN. We will get at that later. Is there any further discussion of the motion?

Commissioner DELANO. Has the advisory committee been appointed, or only recommended?

Commissioner HARRIMAN. They have been invited.

Commissioner O'CONNELL. I am interested in the women, of course, and believe in the investigation of these questions, but I do not propose to let the women go so far that they may backfire and then put the blame on somebody else.

Commissioner DELANO. The only thing that occurs to me is that if we appoint an advisory committee of women, will we not be in a position where we can not decline an advisory committee of miners, an advisory committee of railroad men, and advisory committees of various other organizations and interests?

Commissioner HARRIMAN. This is not for the commission. It is just in connection with that department, to show them that we had taken up the question of the work of women and children. It had nothing to do with the commission proper.

Commissioner O'CONNELL. It is a division of the commission's work, though?

Commissioner HARRIMAN. Yes; but it was a kind of informal thing and they could be dropped at any time we wanted to do so.

Commissioner GARRETSON. With the power of suggestion only?

Commissioner HARRIMAN. Yes.

Commissioner WEINSTOCK. That is all we have.

Commissioner HARRIMAN. We are never really going to get them together.

Commissioner WEINSTOCK. Are they not supposed to come together and meet?

Commissioner HARRIMAN. No. We said if necessary we would call them here.

Mr. LAUCK. But the idea was never to get them together, because that would be an impossible situation.

Commissioner LENNON. And I think a most dangerous situation.

Commissioner HARRIMAN. Could not the commission dispose of the question? I can easily tell them, without hurting their feelings.

Commissioner O'CONNELL. It is perfectly right for whoever has charge of that department to advise with women in every way possible.

Commissioner WEINSTOCK. I want to raise the point of order that there is a motion before the house.

Commissioner LENNON. I had a very pleasant interview with Miss Adams a week ago, and she said she had had a very cordial invitation to pay her fare to Washington any time she wants to make any suggestion, but that she did not think she was likely to come.

Commissioner HARRIMAN. That was not what she said. She said if they wanted her, if they felt it was necessary, she would pay her fare.

Commissioner DELANO. Miss Adams would be more bashful about coming forward than some of them.

Commissioner LENNON. These safety people are here, and we can give them a hearing. They are here on the ground, and I renew my motion that we give preference first to the safety men, and then to the ladies.

The CHAIRMAN. It has been moved and seconded that we proceed with the business of hearing those who have been mentioned by Commissioner Commons and Mrs. Harriman, hearing first the gentlemen on safety and sanitation, and next the ladies. Are there any remarks on the motion?

The motion was agreed to.

The CHAIRMAN. We will hear Mr. Price and his party first.

Commissioner BALLARD. This hearing is entirely open?

The CHAIRMAN. Yes.

Commissioner DELANO. Is there any particular reason why the gentlemen must be heard first?

Commissioner LENNON. The only reason why I offered that motion was because of the seeming necessity for them to get away. There is no other reason.

Commissioner COMMONS. They are very anxious to get away.

The CHAIRMAN. Dr. Price, we have concluded to hear you gentlemen first on this question of safety and sanitation, and we thought we would let you divide it to suit yourselves. I have mentioned you by name, because I spoke to you before.

Mr. PRICE. Mr. Beck will make the first statement.

The CHAIRMAN. Mr. J. D. Beck, of the Wisconsin Industrial Commission, formerly labor commissioner, will first address the commission.

STATEMENT OF MR. J. D. BECK.

Mr. BECK. Mr. Chairman and members of the commission, I happen to have been labor commissioner for six years prior to the enactment of the industrial-commission law in our State, and, as such, I felt that we had done some things in Wisconsin and were doing some things; we were encouraged in that belief by

investigations that were made of the work of the department by various philanthropic societies and others coming into the State and looking over our records and the work; yet, from year to year, we could discover that the factory and other industrial accidents were increasing, and the prosecutions for violation of our laws increased from a few per year up to 865 a year, which was an average of one a day. That seemed to be the measure by which our work was judged. It seemed to me that something was wrong. We were having a great many prosecutions, it is true, and the laws were being enforced as well as we felt that the laws themselves and the courts of our State would permit them to be enforced.

In 1907 we started an investigation of industrial accidents and workmen's compensation. That investigation was made by the deputy of the department, Mr. Lorenz, who was assistant professor of economics in the University of Wisconsin at the time he was appointed. He went into the study somewhat extensively, and his report was turned over to a legislative committee, appointed at the next session of the legislature, who thought the subject was of sufficient importance to require further inquiry, and a committee of that legislature was appointed to make a further study of the subject. The chairman of that committee was Senator Sanborn, of our State. He began holding hearings around at various industrial centers, taking such data as he could find on the subject of accidents, employers' liability, and what the courts had done in various cases which had been taken up through the courts, and so forth and so on. After holding a few hearings, he would call the committee together, they would go over the data, and they would draft a tentative bill which they thought would meet such problems as had developed. Those tentative bills would be sent out to the various labor organizations, to the various manufacturers' associations, and to the various individuals who might be interested in the subject, and suggestions, criticisms, and the like were asked for. That was not only confined to our State, but it was sent all over the country; and, when sufficient information had been gathered to warrant a further hearing, a new bill would be drafted, and so on. For two years that was the course which the tentative bills had to pursue. The result was the workmen's compensation act, such as we have in the State of Wisconsin.

Now, in the meantime, the bureau of labor had endeavored to solve the accident problem, so far as possible, in another way. We called a meeting of the representatives of the State federation of labor, representatives of the State manufacturers' association, and representatives of insurance companies doing business in Wisconsin, who were inspecting factories and insuring employees against liability for damages, and the like. We drafted something like 300 rules of safety to be followed which we thought we might put into operation, but we found that something was lacking. In the first place, I do not believe the employers of our State realized the situation. They did not realize the number of accidents that were happening; and, in the second place, the old law stood in our way. The old law, or the theory on which we had gone in legislating against accidents, was the enumeration of dangerous points and places. For instance, we started out with a law on safety. It ran something like this, that all set screws, bull wheels, flywheels, tumbling rods, belts, etc., must be securely guarded. The legislature would, from year to year, add some other term to that law, and finally, I presume, it gave up in despair of keeping up with dangerous points that were being brought into existence by our modern industrial developments, so it added the phrase "and all other dangerous machinery" to cover everything that might be considered dangerous. But the courts have held that such a phrase as that must be interpreted in the light of what has been said preceding in the law, and in two or three States I think it has been said that a buzz saw, for instance, was not a machine similar to a bull wheel, flywheel, or tumbling rod, consequently the term "all other dangerous machinery" did not apply to it. So we started out in the year 1911 with a different theory of safety.

We did not repeal all our safety laws, but we did say in the law that all places of employment must be made safe, and the law defined the word safety as meaning such freedom from danger to life, health, and welfare of employees as the nature of the business would reasonably permit. It provided that the Industrial Commission should make an inquiry into industrial conditions to determine what places of employment were not safe, and to issue such orders as might be necessary to make them safe. In other words, it provided that the Industrial Commission should determine the fact of safety and order that conditions be made as safe as the nature of the business would permit. It also

provided that we might appoint advisory committees to help us work out the problem of safety, and any other problem that came under the law. The first thing that we believed to be necessary was to secure the services of some one who had done a great work in the line of safety. We searched the country over, from Maine to California, to find out what some large institution had done in promoting the welfare and safety of their employees, and started him out on our inquiry. We did this, and the next step was to appoint our advisory committee. We asked the State federation of labor to recommend to us two persons to serve on that committee; we asked the Manufacturers' Association of the City of Milwaukee to recommend two of their members; we asked the State manufacturers' association to recommend to us two of their members to serve on the committee. The Industrial Commission then took two men that had done considerable work in safety lines in two of the largest factories in Wisconsin to represent it on the committee. In the meantime, a mutual insurance company under the workmen's compensation act had been organized in the State, and we placed a representative of that company on this committee, and we started them to work in the city of Milwaukee.

The first meeting they had they did not get very far. The manufacturers would sit on one side of the table and the representatives of labor on the other side, and anything that was proposed by one the other would say could not be done—"You can not do this" or "You can not do that" or "You can not do anything." The second meeting they did not get any further. The third meeting they got down to discussing one or two concrete rules, but nothing was done further than that. At the fourth meeting I believe they began the adoption of rules, and perhaps got seven or eight passed unanimously by the committee; and I remember they came to the rule requiring a safety governor on an elevator that traveled so many feet. The tentative rule as worked out by the secretary of that committee provided that a governor shall be on all elevators that traveled 15 feet or more. The employers, and one of them in particular, began to object, saying, "We could not do that; there is no necessity for it, and no sense in it," etc. The question was raised as to what other States were doing, and, as far as we could find out, other States that had adopted any laws on that subject required a governor on all elevators traveling 25 feet or more. Well, the employers felt that they might adopt that rule, inasmuch as other States had established a 25-foot limit, but they did not think Wisconsin ought to go any further. Some one said Chicago had adopted a rule requiring governors on elevators which traveled 20 feet, and some thought they ought to go as far as the rest had gone. One of the manufacturers who afterwards confessed to the commission that he had sought appointments of this advisory committee for the purpose of seeing that nothing was done, weighed about 300 pounds; and he sat over at the middle of the table, and he had not taken part in any of the discussion at all; and when they were about to vote on the 20-foot limit he said, "Well, boys, if you are going to drop me, don't let it be over 15 feet." And from that time on the committee never had any further trouble in adopting rules. In fact, the employers on that committee we had to hold back many times to see that they did not go too far.

When I say too far I mean this: I had been at the head of the department long enough so that I knew there were some things we could do and some things we could not do; and there was not any sense in that committee adopting rules so stringent that the Industrial Commission could not enforce them. So we had more trouble in holding back some of those employers on that committee and keeping them from going too far than we had to get them to go far enough. There was never any question from that time on as to what that committee would do. We just had a case recently where the First National Bank of Milwaukee had appealed to the commission to set aside an order on an elevator. The bank is an absolutely fireproof building; I do not believe there is a stick of wood in it anywhere. Our rules require that elevators built after a certain date should have a fireproof inclosure from the bottom to the top. When you come to consider that it is a national bank, the largest, perhaps, in the State, composed of men who are powerful, measured by wealth, at any rate, one would naturally suppose they would have some influence on that larger committee in getting that order set aside; but they insisted that that order must be carried out regardless of influences that were being brought to bear.

So it has occurred to us many times that much of the trouble that arises between employers and employees could be thrashed out and settled between

the employers and employees could they sit down to a table together and talk over their differences and look over one another's problems as they are. At least that is what we have found to be true in the State of Wisconsin.

Now, the principal trouble with the old law was its inflexibility. The law required a fire escape, for instance, on a building whether it was absolutely fireproof or whether it was a frame structure that would catch fire and burn up in 15 minutes. It required the same fire escapes on a building which had 10 or more employees that it required on a building which had 10,000 employees. The same was true with all of our safety legislation. The fact that a set screw killed 25 men in the State of Wisconsin does not mean that all set screws are dangerous, for instance. I remember one time we ordered a fire escape on a building which contained 800 people, a frame building. There was a building across the street that had about the same number of people which was built as nearly fireproof as a building could be made. We were not inclined to order a fire escape on the fireproof building, at least until we had brought those frame buildings up to a higher standing. But when the inspector went to issue the order the owner said, "All right, I will build it, but you will have to order one on my neighbor's building across the way." The inspector replied, "But that building does not need a fire escape." "I do not care; the law says it must be done, and if you do not do it I will have you up for malfeasance in office." And so the only thing to do was to order them on both of those buildings. That created many times an unnecessary hardship. Now, our law as it is to-day is more flexible. If we find, for instance, that an order does not apply, one of our rules requires the counterweights on elevators shall be securely guarded, so that in case the wire should break and the counterweights should fall and a man should have his arm or something in such a position that the counterweight would come down and shear his arm off, the instrument would be guarded. But we find many times that there is not enough room between the counterweight and the elevator in order to guard it. So the commission has the power on appeal to it, setting forth the facts, to set aside that order as not applying to such and such elevator, and then issue a new order which will make the counterweights safe. Under the old law, and under most safety laws, I think, that is an impossibility.

Now, a few days ago I began to look over our accident records to see what has been some of the results and to see whether we were getting anywhere under our present system any more than we were under the old. We were never able to get a complete list of accidents; we do not know how many accidents were happening in the State prior to the adoption of this law, nor do we know to-day exactly how many, because every little while we learn of an accident that has not been reported. But under the system a few years ago we had reported 14,000 industrial accidents a year in the State of Wisconsin, 14,000 industrial accidents for the year 1908. Under the same system of reporting accidents for the year 1912, there were 8,000 accidents, which seemed to indicate that we had at least made a reduction of 50 per cent, or nearly 50 per cent. There were 271 fatal accidents in the year 1908, and under the same system of reporting accidents in 1912 there were 112, which meant more than 50 per cent reduction. Since the year 1912, or during the last 16 or 17 months, the accident curve seems to be running along about the same, which would seem to show that we had made about as great a reduction in accidents by safeguarding machinery at dangerous places as it is possible to make.

There has also been another movement started in the State, which seems to be doing more toward the prevention of accidents than all the safeguarding of dangerous machines and appliances that we have been able to do in Wisconsin. A year ago there were five large companies in Wisconsin—

THE CHAIRMAN. Excuse me, Mr. Beck, but what was that reduction I did not get it.

MR. BECK. From 14,000 to 8,000. You will understand, Mr. Walsh, that we never had a very perfect system of reporting accidents; but under the same system of reporting accidents we had reduced the accidents from 14,000 to about 8,000.

About a year and a half ago we had five of the large companies organize safety departments in their establishments, a department that was kept as separate and distinct a department as the purchasing department or the sales department. They put the best men they could find at the head of those departments, and one of them made a reduction in a year of 75 per cent in their accidents. The five reduced the time lost from 10,000 days to 4,000 days. Now, figuring it up at the average rate of wages paid in the State of Wisconsin, it

meant a saving of \$18,000 to those companies, or 6 per cent interest on \$300,000, which perhaps means that there is more money, when you come to figure this matter from the point of view of dollars and cents, as many of them do, and no better investment could be made than was made in that line. It cost those five establishments nearly \$12,000 to do the safeguarding which they did, and during the first year they saved \$18,000 in the loss of time and wages. One of those five establishments made an increase, and we began to make inquiry as to why that had occurred, and as near as we could find out, we do know that up until last March they had made a great decrease in the number of accidents, but a relative of the chief owner of the establishment wanted a job, and he had no other way of getting it, so the little doctor who was at the head of the safety department of that establishment was turned out and this fellow put in his place, and their safety organization fell to pieces.

Now, I believe that this is true in Wisconsin, as a result of the work that has been done, and I am led to believe that that is true from a great many letters that we get, one of which was received just a few days ago. A smokestack had blown down in an establishment in the city of Milwaukee which employed about 400 girls. It happened at the dinner hour. This employer wrote to the commission and said: "I think the Industrial Commission should adopt an order on the safety of smokestacks. Our smokestack blew down in the high wind on a certain date, and if the girls had not happened at that hour to be at dinner it probably would have killed 75 of them." There were 75 girls working at the string of machines along the edge of the factory, and the smokestack blew down lengthwise the whole length of that string, and there were about 140 girls working on those machines, and he figured from the damage that it did that it would have killed about 75. That is something we never used to receive under the old system. Employers are continually calling our attention to these accidents, and saying, "You should adopt a rule; if you had adopted a rule on such and such a case I would not have had one of my employees lose his hand," or something of that nature. And it occurs to me we might perhaps get along very well in the State of Wisconsin without any safety laws from this time on. I am pretty sure we could if it was not for about 5 per cent of the employers of the State who do not yet seem to understand the problem and how it ought to be worked out.

I believe Mr. Price will go over the educational part of our work, but if there are any questions you would like to ask, Mr. Chairman, which I can answer before yielding the floor to him, I would be glad to answer them.

Commissioner O'CONNELL. What have you to suggest to this commission? You have told us now what you have done in Wisconsin. What do you suggest to this commission?

Mr. BECK. I looked over your law coming down here. I think any problem that you are trying to solve, the best way which would occur to me to solve it would be to follow something along the line that we have done. We know it has worked in Wisconsin, and I can not see why it could not work elsewhere. In whatever problems you take up, get those people who are interested in them together to thrash them out among themselves under your guidance.

The CHAIRMAN. Are there any other questions that the commission would like to ask Mr. Beck?

Commissioner BALLARD. Would that be a national law? Would that interfere with the State law?

Mr. BECK. Of course, a national law would supersede any State law. I do not know that I would favor a national law that would supersede a State law, because I think that the National Government ordinarily is a little too far away from the places where these problems ordinarily arise.

Commissioner O'CONNELL. The law of the National Government would only apply to the District or to the Territories.

Mr. BECK. I think this commission would perform a considerable service by working out something for the State to pattern after.

Commissioner O'CONNELL. Your idea would be that this commission might work out a law to put into effect by the Government, so far as it can, as a criterion for the States to follow?

Commissioner GARRETTSON. In this phase of the attitude of the employment which you referred to, as evidenced by what took place after the falling of the stack, as your experience indicated that the changed attitude of the employers may have been owing to the enactment of other laws, like compensation laws, that have shifted the economic proposition from one side to the other.

Mr. BECK. There is no doubt about the influence that that has had. At the same time, I think that the employer has largely lost sight of just what is hap-

pening in his factory, because he has gone clear out at the top, and he deals with his superintendents, and the superintendents deal with the foremen, and the foremen with the men, and I think he has gotten away from as close contact. The natural trend of industrial development tends to that thing. I know we have one employer in our State who has 375 people in a carriage factory; he used to be on our board of arbitration. He would frequently come in and talk that very problem with me. He would say, "I do not know that I should follow up my present action if I had eight or ten thousand people working under me; I presume not." But he makes it a business to know his men personally, and he will go in and say, "Good morning, John," and so-and-so, and "How is the baby to-day?" and he keeps in close touch. So he knows his entire problem. I do think that some of our employers have got beyond that so far that they lose sight of it, and when their attention has been called to it by these laws I do think in most of them there is a humane element in it which comes into operation.

Commissioner GARRETSON. In other words, the humane element always enters in where the personal contact comes in and does not where the personal contact does not exist.

Mr. BECK. Yes.

Commissioner GARRETSON. To many employers, then, the idea is that they are so many units, instead of so many humans?

Mr. BECK. Yes.

Commissioner WEINSTOCK. So we gather from what you have said that in Wisconsin the Industrial Commission have one set of inspectors, the State another set of inspectors, and the manufacturers' association another set?

Mr. BECK. That is true in every State.

Commissioner WEINSTOCK. You have various inspectors, then, representing different elements?

Mr. BECK. Yes.

Commissioner WEINSTOCK. Is there not friction between these different inspectors?

Mr. BECK. There is, except where a standard has been established.

Commissioner WEINSTOCK. I see. Has the State power to enforce the standards established?

Mr. BECK. Yes.

Commissioner WEINSTOCK. Can your industrial board have a manufacturer penalized if he does not comply with the standard?

Mr. BECK. Oh, yes.

Commissioner WEINSTOCK. What is the penalty?

Mr. BECK. \$10 a day forfeiture.

Commissioner WEINSTOCK. But that can only be done, I suppose, by bringing the manufacturer into court?

Mr. BECK. Yes.

The CHAIRMAN. Has the Supreme Court decided they could do that? Have they decided they have that power to assess that penalty?

Mr. BECK. Yes.

Commissioner WEINSTOCK. That is, the industrial board assesses the penalty?

Mr. BECK. No; it is a court proceeding.

Commissioner WEINSTOCK. The industrial board simply has the delinquents brought into court, and the court passes judgment?

Mr. BECK. Yes.

Commissioner WEINSTOCK. I gathered from the experience in other States, from talking with insurance men, that there is frequently a good deal of difficulty where they have two or more sets of inspectors, that one inspector will give instructions along certain lines, and then another State inspector, perhaps, will follow him and give a contrary instruction, and the manufacturer is at sea and does not know whom to obey.

Mr. BECK. I do not think it arises so much out of giving contrary instructions as it does from the fact that the State has never been able to cover more than a small percentage of the danger points in a law. Our law simply provided, as I enumerated before, and I think this is the exact language of our safety law which existed, and I think we had about as good a law as any of the States, that all bull wheels, flywheels, tumbling rods, belts, and all other dangerous machinery should be securely guarded. Now, when you come to consider that the supreme courts have held that "all other dangerous machinery" means such machinery as has been enumerated in the law; in other words, that phrase must be interpreted by taking the whole section into con-

sideration, and "all other dangerous machinery" means similar machinery to flywheels, bull wheels, tumbling rods, and so forth.

The insurance inspector will come in and find a hundred things that the law does not touch, and he will insist that those dangerous points must be guarded, because it is to the advantage of the insurance company to have every dangerous point guarded, so he is insisting on more than the factory inspector can insist upon. I think there is where the chief difficulty has arisen, but that has been eliminated in our State, and I will say that we are preparing now to accept—we do find employers objecting to so much inspection. They say here comes the fire inspector, and here comes the insurance inspector, and here comes the city inspector and the State inspector; we are simply inspected to death. They are coming, I think, more and more to look at it from the point of view that the more inspection they have the better. It costs us nothing to be inspected, they say, and we want our place safe, and it is all right. But there are a good many who are objecting to it still. We had a meeting on the 4th of December and had all the insurance inspectors doing business in the State brought together, and a second meeting will be held on the 13th of January, where we shall accept the inspection reports of bona fide insurance inspectors and use our inspectors to check up their work very largely.

Commissioner WEINSTOCK. Would you advise the State, as the result of your experience, against officially appointing the inspectors of the insurance companies to pass upon a certain standard?

Mr. BECK. Yes.

Commissioner WEINSTOCK. You would not advise that?

Mr. BECK. No.

Commissioner WEINSTOCK. What would be the objection?

Mr. BECK. You are then assuming responsibility for the acts of a private individual, and I do not think you can do that. Our experience has been such that we would not do that. We have that problem up there now, and I think we can make the insurance companies see that it is not a thing for the State officials to give authority to a private individual, something that does not owe any official relation to the parties interested.

Commissioner WEINSTOCK. Where the demands of the insurance inspector conflict with the demands of the State inspector, what would be done?

Mr. BECK. There is no necessity for that, if the State establishes the standard.

Commissioner WEINSTOCK. How does the State establish the standard in Wisconsin? Arbitrarily, or do you bring the manufacturers together and make the standard?

Mr. BECK. This committee of laboring men and employers work it out.

Commissioner WEINSTOCK. And the State simply enforces it?

Mr. BECK. Yes.

Commissioner WEINSTOCK. Subject to approval?

Mr. BECK. Of course it is really law when we adopt it.

Commissioner WEINSTOCK. Is the State of Wisconsin in the accident insurance business—has it an insurance department?

Mr. BECK. No.

Commissioner WEINSTOCK. All the casualty insurance or industrial insurance is conducted by stock companies?

Mr. BECK. Or mutual companies.

Commissioner WEINSTOCK. Yes.

Mr. BECK. We have two very large mutual companies. We have not gone into the State insurance proposition yet, because we have so many instances where employers tell us that never before have they been able to keep in such close touch with their employees as they have since the enactment of this law, where they can sit right down with the employees and figure out between the two just what is coming to him, and pay it over. But it used to be a great proposition.

Commissioner WEINSTOCK. Do they do that where they carry insurance?

Mr. BECK. Yes.

Commissioner WEINSTOCK. Or does this settlement come in between the insurance company and the employer?

Mr. BECK. No; the most of the insurance companies say if he loses so much time pay it over to him and we will reimburse you.

Commissioner O'CONNELL. How large a factory have you in Wisconsin?

Mr. BECK. The Allis-Chalmers Co. have something like 10,000 men—that is, their maximum—and ordinarily about 8,000.

Commissioner O'CONNELL. It is about 8,000 now?

Mr. BECK. No; I met the general manager the other day, and they have about 5,200.

The CHAIRMAN. You spoke of an organization of Mr. Price and others being connected with this work. What is the name of the organization on safety and sanitation which you referred to?

Mr. BECK. That relates to shop organizations for safety. We are now carrying on a campaign in Wisconsin in which we are bringing the employers to adopt safety appliances in their shops.

The CHAIRMAN. But what is the name of that general organization?

Mr. BECK. They simply call it a safety organization; it is the shop matter.

The CHAIRMAN. But is there not some general organization which is promoting that in the State of Wisconsin and elsewhere?

Mr. BECK. That is our industrial commission which is promoting it.

The CHAIRMAN. There is no organization outside of your industrial commission?

Mr. BECK. No.

Commissioner GARRETSON. And that safety organization only exists at present in the State of Wisconsin?

Mr. BECK. No.

Commissioner GARRETSON. Or is it national in its scope?

Mr. BECK. So far as the State of Wisconsin is concerned, it only exists in our State, and we are developing that by the industrial commission.

Commissioner GARRETSON. The gentlemen who represent that here are all from the State of Wisconsin, are they?

Mr. BECK. The gentlemen that we have doing that in the State of Wisconsin for the industrial commission are a part of the industrial commission.

Commissioner WEINSTOCK. Does the Industrial Commission of Wisconsin have a safety department provided by law?

Mr. BECK. Surely.

Commissioner WEINSTOCK. With a proper head to it and proper officers?

Mr. BECK. The industrial commission, of course, has the workmen's compensation to administer; it has all of the safety laws of the State to administer, and then there are certain economic investigations that are required, both by the legislature and by the commission, in order to perform some of the duties that it has to perform. So we have ordinarily divided the work up among the three commissioners. One makes it his special duty to look after the workmen's compensation side of it, and another the economic investigations to be made, and the third the safety work of the State.

I was down to Racine just a while ago at the organization of one of these safety meetings for the G. I. Case Thrashing Machine Co. They have about 3,000 employees. At a banquet the various foremen of the various departments were there, and they formed their safety committee that evening, and this watch chain was one of the things they handed out to each one of the 250 or 275 men they had there, and they handed me one, and I put it on. All the employees were given one that evening. It is not a movement, so far as we are concerned, outside of the industrial commission.

The CHAIRMAN. Mr. C. W. Price, assistant to the Industrial Commission of Wisconsin, is the next speaker.

STATEMENT OF MR. C. W. PRICE.

Mr. PRICE. Mr. Chairman and members of the commission, my superior, Mr. Beck, has spoken especially of the powers and work of the commission along the line of drafting standards covering the equipment of plants with safeguards. I am to speak especially of another duty and another power of the commission, which means this: The commission is not only empowered, but it is obligated to place in the hands of the manufacturers, the best information that it can gather from the experience of the companies that have done good work along the line of preventing accidents and making their plants sanitary and healthful.

In thinking over what I should say to-day, I have been afraid of talking too much and burdening you with too many details. I have tried to get the chairman to tell me what to do, but he will not, and Prof. Commons will not, and

so I am going to use my judgment, and I am going to try to put myself in your place and suppose I had heard what Mr. Beck had said, and that I was not familiar with the details in Wisconsin, and supposing I had heard him say here is a unique departure from what other States have done, and we have accomplished these results of less accidents and wonderful cooperation with manufacturers, and it seems to me I would go out of the room entirely unsatisfied and unconvinced if some of the more important factors which have entered into this work were not touched upon, which would explain to my mind how it all came about that the manufacturers have changed their attitude, and are now giving us cooperation. That is one of the first questions which people put to us when they come over to Wisconsin and see what we are doing: "How do you get the cooperation of manufacturers?"

The educational work is, to my mind, one of the chief factors which has entered into this work. About two years ago we began to organize an exhibit including 1,200 photographs gathered from the companies all over the United States who had done the very best work in reducing accidents. We had three of those exhibits in duplicate, and had them mounted with the cards colored, and we made a tour of the State, spending a week in each principal manufacturing town where over 1,000 men were employed in factories. Our deputies were expected to call on the manufacturers personally and interest them in having their superintendents and foremen visit the exhibit, which they did in large numbers, and in some towns hundreds of people besides the representatives of the manufacturers visited them, and they made a careful study of this exhibit of the practical results of the companies which had delivered the goods. This is no theory, but here are the facts in concrete form in large factories.

We not only did that, but on one evening of the week one of the commissioners and myself would hold a meeting, attended by the superintendents and foremen and manufacturers themselves, and we would go over the whole proposition of the prevention of accidents, placing before them somewhat in detail just how these large companies that had made reductions of from 25 to 75 per cent had accomplished it.

I remember one manufacturer met me on the train and he said to me, "Price, do you know that meeting at Janesville did more to convince the manufacturers at Janesville and my superintendents and foremen that you people at Madison are getting down to hammer and tacks, and are going to work this out along the line of experience and not theory, and along the line of good business organization than anything else, and if it did not do anything else, it certainly did do that." But in addition to that it gave those superintendents and foremen, probably not 1 per cent of whom had had a chance to see very much along the line of efficient safety work before that time, just what could be accomplished.

The second thing we are now doing, and I think it is one of the most important things, is in the line of placing practical information in the hands of manufacturers and their men, and it is to publish each month what we call a shop bulletin, which I consider one of the most valuable things that the commission is doing, absolutely. That little shop bulletin is a convenient medium which enables the commission each month to place in the hands of the foremen and superintendents and owners of the business, not what the commission thinks, but what has actually been the experience of manufacturers along the line of preventing accidents.

Here, for instance, is one of them. We usually have a special subject, and this is upon eye injuries. On this page we give some figures in regard to what the Fairbanks-Morse people have done in reducing accidents 72 per cent. Here are six accidents that might have been prevented. How did they happen? What was the disability? What might have been done to prevent them? That always interests the foreman. I found in talking to organizations of foremen, and I have talked to 150 organizations perhaps in the last year and a half, what they are especially interested in is what the other fellow is doing, not what I think, but what the other fellow is doing. What they want is experience, and I have found the thing that convinces a superintendent or foreman is what the other fellow is doing. That is the line we are working on. Not only do we include those accidents, but we always include a very brief study on two pages of some particular line of accidents. For instance, this happens to be eye injuries. There they have got the experience of 5,000 plants in Wisconsin on that subject boiled down in a nutshell, not only as to how they happened, but as to what may have been done to prevent them. Then

we include cuts of guards, the most efficient that have been worked out, and we have made a wide study of that and searched for the best, not what I think or the commission thinks, but what these companies have found to be valuable. We are sending a hundred copies of this to some factories.

Commissioner LENNON. Please see that the commission is put on the mailing list for about a dozen of them.

Mr. PRICE. Good; fine.

Commissioner WEINSTOCK. Will you put the California Industrial Commission on your list?

Mr. PRICE. They are already on.

About a year ago we made a careful study of shredder accidents especially, not of farm machinery accidents. I mention this in passing, because we do not want to forget the farmers here. We canvassed the whole situation, and I personally visited 19 men who had their hands or arms off, and got their stories, and we published a little farm bulletin telling those 19 stories, and then giving the suggestions of a number of farmers of great experience, and then the suggestions of the shredder companies and the machinery companies, as to how those accidents may be prevented.

Commissioner WEINSTOCK. Are the farmers in Wisconsin under the compensation law?

Mr. BECK. No; they are not; but there is a special law on the subject of shredders and some other farm machinery accidents.

Commissioner WEINSTOCK. Do you have compulsory compensation in Wisconsin, or is it voluntary?

Mr. BECK. Practically compulsory.

Commissioner WEINSTOCK. But the farmers are exempt?

Mr. BECK. Yes.

Mr. PRICE. Speaking of bulletins, I do not want to forget to mention another class of bulletins.

Practically all of the factories in the United States are working in the dark in the mornings and evenings of short winter days and on cloudy days. Strange to say there has been practically no information stating in good barnyard English, so that an ordinary man could read it and understand it, how shops could be lighted. There has been no standard set. Mr. Schwartz, who is connected with a company that has done the best piece of shop lighting, has prepared a bulletin on illumination; not a technically complete one, but just a practical bulletin, containing a statement of what he has found to be most efficient, and, of course, he has checked his own experience with the experience of other people. That bulletin is now in the press and will soon be issued. It is one of the most important bulletins that the commission will issue.

We are also going to prepare a bulletin on ventilation and exhaustion. At the present time there is practically nothing on that subject. We are having these bulletins prepared by men who have delivered the goods; not by men who have theories on the subject, but by men who have produced results, and they are worded, not in technical language, but in the good ordinary garden variety of English, so that anybody can understand it; and I predict that that bulletin will do more to put light into the factories of Wisconsin than anything else. The standard that is recommended there is in line with exactly what the best factories are now doing. Just what any practical, efficient man to whom you might go would say to you if you should ask him. We have had so many demands for it that we have had to send out carbon copies to companies that wanted it before we could get it printed.

The thing I want to point out especially is this, which Mr. Beck has just hinted at. I think he said it, or at least he ought to have said, that a large percentage of the accidents can not be prevented by guards. In the five years' experience we have had, during which time efficient and rigorous work has been done along the line of promoting safety in a businesslike and organized way—instead of the sporadic way in which we used to do it—it has developed out of that experience that at least some 50 to 75 per cent of the serious injuries and deaths can be prevented. That sounds like a strange statement, but our experience in Wisconsin confirms that, and I think that every man in this room who is posted on safety will confirm it. I know that the best safety men do confirm it. In our State a hundred or more companies have demonstrated absolutely that at least 50 per cent can be eliminated. But I have made a careful canvass of most of the companies, and practically all of them agree that two-thirds of the accidents can not be reached by guards. Practically no manufacturer appreciates that when he starts out. I think most of the laboring

people have no conception of that fact. Let me ask you to look for just a moment at this blue print, which represents 7,908 accidents in 13 months in the State of Wisconsin. Here you have 5,000 plants, and if you will draw a line down through there you will find that there were only 2,511 accidents that happened on machines and machine parts. Out of the 7,908 accidents, 5,400 happened through falls, slips, stumblings, handling tools, and our old friend the enemy with which we are all familiar. I do not mean to say that none of them could be reached by guards, but a great majority can not be touched by any mechanical guard.

The commission has found itself squarely face to face with that situation. If that is true, then the commission could not in any way cover the situation if it confined itself, as in the old days, to the simple inspecting of factories, the recommending of efficient guards, and so forth. That is, when the commission had gone its limit, when it had done its best in the way of factory inspection, the recommending of guards, and so forth, then two-thirds of the evil remained untouched. In covering the remaining two-thirds I think we have done the most interesting and most important thing that we have done at all. We are conducting a campaign of education. We have our deputies thoroughly trained along the line of safety organization. We spent a year in educating our deputies in the very best work that had been done; for instance, in the Illinois Steel Co., which will be represented before you by Mr. Chandler, and the work that had been done by the United States Steel Corporation, the Harvester Co., and so forth, in first-hand observation of the very best methods which have been adopted. The commission says to those deputies, "You can go into a plant, and you can find every set-screw and recommend every possible guard, and you can make an absolutely complete report, but you have absolutely failed if you leave that factory without giving the man who runs that factory an intelligent idea of safety, so that he appreciates the value of it and appreciates the important factors in it, and leave him with a good taste in his mouth, so that he is really interested in the subject of safety." We tell them that if they fail in that, they have failed. That is the thing that Mr. Beck has hammered into them over and over again, and every one of our deputies has it thoroughly in mind that the important thing is to get that manufacturer intelligently interested in safety and intelligently instructed in regard to how accidents have been prevented.

During the last year I have been calling personally upon the large companies. I have nearly finished that work in Wisconsin. In telling about this I shall have to use the first person, because that is the only way I can talk about it. I have usually met the manager, the president or vice president, the man at the top, and I have generally placed before him this blue print and a statement of the experience of the companies that have made the largest reductions in accidents. I have told him what our investigation has revealed. I show him by this blue print how accidents happen in Wisconsin. I endeavor to convince him that not more than one-third of them can be prevented by guards, and then I outline to him what we mean by a safety organization, which Mr. Beck has spoken of here. I am going to take a minute to outline for the benefit of this commission what we mean by safety organization, because you can not appreciate what we are doing unless you know what that means. I can state it very briefly.

Let me say in the first place that at the beginning practically none of the plants in Wisconsin had any systematic way of taking care of safety. It was nobody's business, and, of course, nobody did it. But this idea of safety organization is not new. It is in line with business organizations absolutely, and it is simply attending to safety in a systematic, thoroughgoing way, with some backbone and pepper, getting things done in the same way as production. Here is a simple outline of the way to reach results—I mean to reach the workmen and poor men in such a way as to keep up their interest.

First, appoint a safety committee of five high-grade men, with the superintendent as chairman, and one man, whom you might call the safety inspector, to be secretary, to attend to matters of detail.

Second, every foreman inspect his department, say, once a week and make a written report to the committee, in which he says "Everything is all right," or "The following things must be done."

Third, a foremen's meeting place once a month, at which the superintendent presides, and at which meeting the accidents that have happened are discussed and the experience of other companies is considered and the problems connected with safety are talked over. Those meetings are the most valuable part of

the organization in keeping your foremen interested and lined up. The superintendent can do more in 30 minutes by getting his men into a room together than he can do in a month visiting them separately. Our failure has been that we have not been keeping up the interest. As Mr. Search said to me the other day, "We wake up for a few days and build a few guards, and then sleep for six months, and then wake up again when the inspector comes."

The next point is a most important one, and practically every company that has made large reductions in its accidents has adopted this plan. In each department where there is hazard they appoint three rank-and-file workmen, sometimes the humblest men, and those workmen make an inspection of that department, absolutely untrammelled and with perfect freedom—in fact, being encouraged to present every possible point and make a written report to their foreman once a month. The foreman checks off the things which he himself can remedy and only the important things go up to the central committee. Those workmen at once take a new interest. They learn what you can not tell them, what that blue print reveals, but you can not tell them, which they think is buncombe. They not only inspect, but they investigate accidents, and they become the best instructors in that plant. The J. I. Case people experienced a most remarkable awakening on safety in their organization in just four weeks' time, and they had been running on dead for years. Mr. Montgomery testified that that awakening was almost wholly due to the fact that they gave their workmen something to do, whereas heretofore safety had been the boss's job. That has been our failure, gentlemen, in that we have not reached the workman because we have not given him something to do. We have not recognized him. We have really placed no confidence in him in the matter of safety. The whole policy has too long been one of secrecy and therefore of failure so far as safety was concerned. The thing to do is to turn over a new leaf and take the workman into your confidence on the deal and give him confidence and responsibility. This is a very radical departure, and in every case where it has been tried it has succeeded remarkably well.

Mr. Beck has indicated one or two results, and I want to speak of just a few to confirm what he has said. This is so new that I can only give you tentative figures, but I want to give you one or two. We took 15 companies that had organized, most of them recently, and we added up the days they had reported lost on account of accidents in the months of July and August, 1912, and the months of July and August, 1913, and to our amazement it showed that they had lost 40 per cent less days in 1913 during those two months than in the corresponding two months in 1912. We have had companies that reduced their accidents over 50 per cent in the first month. For instance, the Kimberly & Clark Co., at Neenah, were among the most conservative people on safety. They would not build guards. They have now got an organization at their Neenah plant, and during September, October, and November they had only two accidents, whereas before they had an average of 10 and 12. It so happened that 5 out of the 6 plants got into the game and organized safety committees, but the Kimberly plant, which was the most perfectly equipped physically, did not appoint a safety committee, and in the time referred to the Kimberly plant had more accidents than all the other plants put together. That company has issued one of the finest safety bulletins I know of, which goes to every workman every month.

I could tell dozens of stories like that. Now, a plan must have something in it when it appeals to manufacturers and to workmen in the way this does appeal to them and when it gets those results.

We have simply put this thing to them as a business proposition. I never tell the manager of a company that it is wrong to kill his men. I would not insult him by such a statement as that. I put it up to him as a fair business proposition, and I want to say to you that the future of safety is absolutely sure in the United States. Why? Because we have gone far enough during the last five years to have demonstrated absolutely, beyond the shadow of a doubt, what can be done, and we have demonstrated the fact that it turns out to be mighty good business organization. That explains the very marvelous development of the safety movement. Ladies and gentlemen, I thank you.

Commissioner GARRETSON. Let me ask you right there: In the State of Wisconsin, where you possibly have gone further in safety than anywhere else, would you ever have attained what you have attained without the compensation act going with it?

Mr. PRICE. Pardon me. It would have gone slower; but I have seen just as good results in States where they had no such help at all, with individual companies.

Commissioner GARRETSON. Ah, yes.

Mr. PRICE. When they once get the idea—

Commissioner GARRETSON. I grant you that, but I am speaking of it as a general proposition.

Mr. PRICE. Unquestionably that has helped in the matter of time, but I have such confidence in this thing being fundamentally right that I believe it would have come in time anyhow.

Commissioner GARRETSON. I noticed in the statement of Mr. Beck that the work of the Wisconsin commission was divided; that one commissioner has charge of safety and another commissioner has charge of compensation, and so on, but I wish you would tell, if you can, what percentage of the money now paid out by the employers under the Wisconsin act reaches the injured man. If you can not state it exactly, I wish you would state it approximately. Can you state that?

Mr. BECK. No; I know about how much the injured men are getting, and I know what the insurance cost in 1912.

Commissioner GARRETSON. I did not know but you were able to give some fairly accurate figures.

Mr. BECK. The employers of our State for the year ending December 31, 1912, paid \$1,025,000 to insurance companies for protection against accidents.

Commissioner GARRETSON. Can you tell how much money reached the men?

Mr. BECK. I will have to illustrate that in this way: We know how many accidents there were in the State and how much time they lost, and we know what they would have received had they all been under the act, as they practically all are now. You see our liability law was changed, so that they had to make the election to stay out from under the act rather than elect to come under the act?

Commissioner GARRETSON. In other words, if they stood pat they were under the act?

Mr. BECK. Yes. Also we abolished all the defenses in the last legislature, which has practically put all the industrial workers of the State under the act. Now, had that condition existed a year ago, basing the calculation upon the average amount paid to each employee as a result of his accidents and the time he lost, they would have got about \$750,000.

Commissioner WEINSTOCK. About 75 per cent?

Mr. BECK. Yes; something like that.

Commissioner GARRETSON. Whereas under the old liability conditions the proportion would have been just about reversed?

Mr. BECK. Yes; just about.

Commissioner GARRETSON. All the indications have shown that ordinarily about 34 per cent of the amount got to the injured man?

Mr. BECK. Our investigation of that subject in 1908 indicated that only about 25 per cent of the amount paid out by the employer got to the injured man.

Commissioner GARRETSON. I was giving the top limit. Thirty-four per cent is the maximum that any tribunal has brought out as the number of cents out of a dollar reaching the injured man. I did not know but that your experience might show in some concrete form what percentage now reaches the man.

Mr. BECK. I think it does, when you come to consider it for all of them.

Commissioner GARRETSON. That 75 per cent, figured in a rough way, brings it almost up to the result reached under the German Government administration. I think it costs about 32 per cent there.

Commissioner COMMONS. Eighty-five per cent goes to the injured man in Germany.

Commissioner GARRETSON. They are getting better, then. The last time I went into it the cost was something like 32 per cent.

Commissioner WEINSTOCK. In the State of Washington the State has a monopoly of accident insurance. Private companies have been driven out.

Commissioner GARRETSON. I knew that.

Commissioner WEINSTOCK. One hundred per cent of the amount paid by employers goes into the pockets of the injured workmen. The cost of operation is paid out of a separate fund by the State and it costs about 8 per cent.

Commissioner GARRETSON. That is even better than I am doing under our system, where the injured workman gets 97½ per cent.

Commissioner WEINSTOCK. From your knowledge of conditions and possibilities, Mr. Price, what would you suggest that this commission do along the lines of safety? What can we do that will be effective and efficient, and how ought we to do it?

Mr. PRICE. I should say two things: First, to make an investigation which will enable you to recommend governmental bodies that may do what the industrial commission has done for the working people and manufacturers of Wisconsin, bodies national or State.

I meant to say this further thing, and I forgot it: I happened to be connected with the Harvester Co. during all the pioneer days of our safety work, and I know of the large expenditure of money and time to which we were put in order to get information. It was a very difficult thing for us to get reliable information. Do you not see the need of some way of placing this information in the hands of manufacturers and helping them. Most of them can not afford them. The large companies can. The large companies have been the first in the field. The small companies have been lagging behind.

Commissioner WEINSTOCK. Let me see if I catch your idea clearly. It is that this commission should recommend to the Federal Government the establishment of a sort of clearing house of information.

Mr. PRICE. That would be one thing. You possibly might recommend ways and means by which the State Department could be made more efficient, and so forth.

Commissioner WEINSTOCK. If we had a separate department to gather that information and redistribute it to all—

Mr. PRICE. Personally I should be in favor of a central body.

Commissioner WEINSTOCK. A clearing house.

Mr. PRICE. To put it in a general way, governmental bodies which would in some practical way place information in the hands of manufacturers.

Second, I think it will serve a very valuable purpose, and I hope my friend Campbell will bring it out strongly. I think, friends, that here is an opportunity to place before the people the facts in the case. Most manufacturers and workmen do not know the facts in the case. They do not know what has been accomplished; and they do not know how it has been accomplished. I go to manufacturers every day who do not dream of what has been accomplished, because it is so recent. Think of the service this commission could perform if they could put up in a dignified way not in so voluminous a form as to hide it away in a great big black-bound volume, but make it simple so that it will reach the foremen and superintendents and managers so that they will read it, a statement of the real situation with regard to the prevention of accidents; a statement gathered from the experience of the companies that have actually delivered the goods. If that can be done, it would have a tremendous effect.

Commissioner WEINSTOCK. You must bear in mind that the powers of this commission are limited. All that we can do is to recommend to Congress. We have no power to go out beyond that.

Mr. PRICE. I grant you that; but you could report the situation. You could say, "This is the situation in regard to accidents. This is what has been done. This is what has been found to be the cause of accidents, and these are the methods that have been adopted for their prevention." A dignified, complete report, putting it up to them, just as we have had to put it up to each manager in Wisconsin, showing the real situation, would do a great deal of good. I am going to say, friends, that it usually takes 20 minutes to convince a manager as a business proposition. The facts are so convincing that I can say that inside of a year practically every large company in Wisconsin will have a safety organization, which means that the commission will be out of business. I mean that they may make better inspections and that they will do more than we can possibly do with our deputies; and where they have an efficient organization they have practically eliminated the necessity for any State inspection. Not only do they inspect the guards but they go infinitely further and interest the men and get everybody lined up. That includes about 60 per cent of the manufacturers of Wisconsin who are now organized. That includes the most important class in the State, and so we have in sight that degree of success which justifies the statement I have made. We have been able to show them that there is something tangible in that thing as a business proposition.

Commissioner WEINSTOCK. In other words, it will follow that after you have completely succeeded you will have eliminated your whole department?

Mr. PRICE. It will go out of business. I will repeat to you that in many concerns in Wisconsin we are practically out of business, and we know we are out. We are calling off our deputies. We go and give a little advice now and then on some technical point, but we can not begin to do the inspection that they do. We could not do one-fourth of it.

The CHAIRMAN. Do you mean that you are out of business to the extent that a system of complete reports would show that the accidents are nil or reduced to a minimum?

Mr. PRICE. It is a marvelous reduction, and we find that these people are attending to that part of their business better than we could.

Commissioner BALLARD. You say that only one-third of the accidents occur because of defective machinery, and that the other two-thirds occur probably because of the workmen's own personal carelessness? Is that what we are to understand?

Mr. PRICE. Not always his carelessness. Many times his ignorance, and many times the inevitable hazard.

Commissioner BALLARD. How do you reach those two-thirds? Is it by reaching the men, or by the safety organization?

Mr. PRICE. It is through that safety organization that the man is reached. Why? Because he is given an opportunity to do something, and is given an opportunity to learn.

Commissioner BALLARD. And in that way the accidents are very largely eliminated, are they?

Mr. PRICE. It is the only way to reach them. I do not want to go too far, Mr. Chairman, and you may call me down whenever I talk too much. We find that from 90 to 95 per cent of the suggestions made by the workmen are adopted by the company. The assistant general manager of the Northwestern Railroad told me the other day that they had received over 6,000 suggestions from the workmen, and that all but 186 had been adopted by the company. That is a little better than the showing of most of the companies, but the showing is that 90 to 95 per cent of the suggestions offered by the workmen have been adopted. It is perfectly surprising what those workmen will suggest. These suggestions are along the lines of the careless practice of piling material, or carelessness in regard to the use of guards, ragged clothing, boards with nails in them sticking up left on the floor. After you have equipped your whole plant to the limit, after everything has been done which you can suggest, you will find your men making suggestions, and they will come in every industry.

Commissioner WEINSTOCK. You may have touched upon it before, but if you have it has slipped my mind. When you go to a plant that has taken no steps in the direction of safety, exactly what is your method of approaching that plant to get it organized, to show that there is something practical about it?

Mr. PRICE. I am glad you asked me that question, because it gives me a chance to make a point that I should like to make. We have in mind one thing, that unless we get the man at the top, the man with the money, it is hopeless. We have seen it tried. We have converted the superintendent, and he tried to organize, and he failed; why? Every foreman, every man down the line, knew that the boss was not there. We tried to convert him to the economic side of it first. It took me six months to get one of the most stubborn men in Wisconsin, and when we finally got him he broke loose and there was no limit to it, when we showed him the economic side.

The second thing is to have a meeting of foremen. Mr. Beck has spoken of the banquet at the J. I. Case Co. We have had banquets all over the State at foremen's meetings. At these banquets the owner of the business many times presides, and he puts himself on record in regard to what he wants and says, "Gentlemen, I have been investigating this subject. The experience of others has been called to my attention, and I am convinced that we have got to do this and so in order to reduce accidents. I am convinced that we have not gone far enough. We have got to go beyond guards." Do you know that in every case where the boss has sat at the head of the table, when he has said, "Gentlemen, this is what we are going to do," the result has been manifested in the greater interest which has been taken by everyone connected with the enterprise. I remember that Mr. Simmons, of the Simmons Manufacturing Co., made about five speeches during the evening. Finally he said, "Boys, tomorrow morning at 7 o'clock the first order of business is going to be safety, and the second is going to be production." They got results immediately, and in every case where they have got the foremen together, and the man at the

top has put himself on record, the results which have been obtained have been surprisingly good.

Commissioner GARRETSON. Let me ask you right there: You have just made a phrase that suggests the thought, safety first and productivity afterwards. Have you had any opportunity in a plant where it has been minimized practically to this personal equation point, to the point of human error, have you had any opportunity to study the effect of speeding up, from the material standpoint?

Mr. PRICE. My judgment would be that with the increase of speed you increase the hazard, not only because of the quick motions—

Commissioner GARRETSON. I mean whenever you pass the ordinary limit of speed.

Mr. PRICE. Not only because of the quick motion, which admits of a slip, but because of a certain psychological effect—

Commissioner GARRETSON. A result of the concentration of the mind?

Mr. PRICE. For instance, when a man on a punch press puts in 18,000 pieces a day. In the afternoon about 3 o'clock he gets so dead that then is the time when he makes a miss.

Commissioner GARRETSON. He becomes merely automatic in his motions?

Mr. PRICE. Yes.

Commissioner WEINSTOCK. Have you any data to show the percentage in establishments where efficiency systems have been put in operation as compared with plants where they have not?

Mr. PRICE. We have not.

Commissioner WEINSTOCK. Would not that be of interest?

Mr. PRICE. Very great interest.

Commissioner WEINSTOCK. As demonstrating the pros and cons?

Mr. PRICE. Yes. I was closely associated with the plants of the Harvester Co., and in one of their plants that employed 1,300 men they reduced their accidents over 50 per cent the first year, and at once it resulted in a cleaner and more orderly factory. At once it resulted in a more efficient manufacturing organization. I never heard of a plant where that result did not follow safety organization. I never heard of a superintendent who did not believe that he had a better manufacturing organization after his plant was organized. It always results in the foremen cleaning up their departments. For instance, in the Allis-Chalmers plant the first month after they perfected their safety organization they cleaned up and put a broad, red line about 4 inches wide to define the aisles, and that was the dead line over which they must not place any material. In the Harvester Co., in the Champion works especially, they raised the standard of the factory inside of a year, and it was noticeable in the increased cleanliness and orderliness of everything. It had that result, in addition to the reduction of the number of accidents.

I meant to say one another thing which slipped my mind entirely, but probably you have it in mind. In addition to the inspection and investigation of accidents, and thereby getting experience and information, great emphasis has been placed on the value of instructing the workman carefully in regard to the hazard of his job, especially the new man, and particularly the non-English-speaking man. The Steel Corporation has had that problem perhaps as much as anyone, and there they have emphasized that very strongly. I think the chairman of our commission will give details in regard to what has been done there. The plan has been adopted of personally instructing the man from the very first five minutes in regard to what the company is doing and getting the workman to do, and in showing the man the dangers of his job.

The CHAIRMAN. Have you been able to get any statistics to show how a safety organization affects production in these plants?

Mr. PRICE. It always makes for efficiency.

The CHAIRMAN. Do you mean increased production?

Mr. PRICE. Yes; I mean exactly that.

Commissioner WEINSTOCK. Are those things which you have stated the only two things which are essential to organize a plant: First, to get the man at the top converted to the economic side, and, secondly, have a meeting of foremen and a banquet?

Mr. PRICE. Outlining what I have called safety organization in my experience.

The CHAIRMAN. Are there copies of your blue print which you can give to the commission?

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Mr. PRICE. You can have all you want. I think we sent copies to you, but I am not sure. We are going to place in the possession of every man here everything that we have in the way of information.

STATEMENT OF MR. R. W. CAMPBELL.

The CHAIRMAN. Mr. Campbell, we will be glad to hear from you.

Mr. CAMPBELL. I do not know how much time you propose giving me.

The CHAIRMAN. We have placed no limit on it. We simply depend upon you gentlemen, each one of you having heard the other, not to duplicate, but to give us what you think you can right upon the question as to what this commission can do under the law on the question of safety and sanitation. I think that is the idea.

Mr. CAMPBELL. It has occurred to me, Mr. Chairman and members of the commission, that in order to get at the problem that confronts the commission it might be advisable for some of us who have had something to do with the working out of the problem in recent years to place before your minds and within your view that which has been done, the development that has taken place, and with that idea in view I have aimed to frame my remarks. If that does not meet the pleasure of the commission, I shall be glad to have you say so now, and I will talk along other lines that will suit your pleasure better. But it seems to me that you gentlemen who probably have not been familiar with the work of the movement as it is on foot to-day that you probably would like to have a little analysis of it put before you. Therefore in order properly to understand what the accident-prevention problem is I will say that it is first essential to understand what the kinds of accidents are.

In speaking of accident-prevention work let me say, by way of parenthesis, that I think we who are dealing with the problem—I think the gentlemen in Wisconsin include that—include as well the allied subjects of sanitation and general matters relating to betterment of conditions, personal conditions of the men, you might say, which affect their working ability. In other words, all of the interrelated items, such as sanitation and betterment of working conditions of all kinds, are included.

Accidents divide themselves into two general classes—the nonpreventable or the so-called trade risks and the preventable accidents. I believe, and I think others agree with me, that the nonpreventable accidents amount to about 10 per cent of the number of accidents in the most hazardous of trades and run down to a very small fraction of 1 per cent in the less hazardous occupation, leaving 90 per cent of the accidents that occur in the country as preventable accidents. This can lead to but one conclusion—that if 90 per cent of the accidents are preventable we ought to get busy and prevent them. I venture to quote to you the old worn out figures that have been used so many times during the past few months, showing the number of accidents that, even in the face of what has been done, are occurring in our country to-day. Our statistics are not reliable. There are 35,000 men killed in the industries of our Nation to-day and 2,000,000 injured every year. I will not make the divisions and subdivisions by days and hours, but you can see that it is an appalling indictment upon the lethargy and indifference of the powers that be and of the men themselves to find that awful list of casualties occurring every year, and it therefore means that something must be done. Something has been done, but the bark has only been scratched as yet.

What are the causes of these 2,000,000 injuries and 35,000 deaths? To get at the problem we should analyse it from that point of view first.

The causes are first the failure of the employer to provide and maintain proper working conditions, proper and efficient safeguards on dangerous machines or appliances, and, secondly, the ignorance or carelessness of the men themselves. There are two broad divisions—the duty of the employer and the duty of the employee.

That in a broad way presents what the accident prevention problem of to-day is and how it should be met. The first duty should be met by the employer assuming the obligation that falls to him naturally of providing proper working places and proper and efficient safeguards on dangerous machinery and appliances; and secondly, the duty of the men to assume their obligations of carefulness on their part. And in this second element there is a further duty on the part of the employer himself, which is to see that his men do assume that obligation, to see that they know what it is, and to see that it is properly

pointed out to them. So the employer has two duties then—to make conditions safe and to educate his men and to inculcate in them habits of caution.

The employee has one duty—to try to be as safe for himself and his fellow workmen as he can. To accomplish all of this, as Mr. Price has pointed out and as Mr. Beck has pointed out, the men engaged in all those industries that have made any study of the matter have concluded definitely that it is absolutely essential to have a definite yet comprehensive organization which will make out and carry out a definite and comprehensive plan.

We might stop for just a minute and consider what has been done in the meeting of this problem up to to-day, and I will draw your attention to the three phases of the work—that which has been done by the industries, that which has been done by the States, and that which is being done in the matter of public safety, so called.

First, as in all great movements—and I believe frankly, gentlemen, that to-day there is no greater movement afoot than the accident prevention movement—as in all great movements, the initiative has been taken by and through individual efforts, and to-day the work which has been accomplished has been that of the individual industrial concern. There are many of them that have been for a great many years, dating back at least five years, actively engaged in coping with these problems. Among these, I would like to call your attention to a few, if it will be in order, Mr. Chairman, so that you may get an idea of the kind of concern that has been dealing with it:

The General Electric Co.
The National Harvester Co.
The Remington Typewriter Co.
The Eastman Kodak Co.
American Steel Foundry.
Inland Steel Co.
United States Steel Corporation and its subsidiary companies.
The Crane Co.
The Cleveland Cliffs Iron Co.
Pffister Vogel Co.
Youngstown Sheet & Tube Co.
Fairbanks-Morse Co.
Chicago & North Western Railway Co.
Elgin, Joliet & Eastern Railway Co.
New York Central Lines.
Pennsylvania Railway Co.
Baltimore & Ohio Railroad Co.
Union Pacific and Southern Pacific Railway Cos.
Santa Fe System.
Frisco Line.
Chicago City Railways Co.
The Brooklyn Rapid Transit Co.

The Interborough Rapid Transit Co. and many others—a long list of them. I would not venture to say how many have been doing work more or less satisfactory and more or less organized, but it has been here and there and sporadic, some in Wisconsin, some in Illinois, some in New York, and some in Pennsylvania. There has been some work done, too, through manufacturers and trade associations through discussions of safety problems at their annual meetings, and through the work of the central committees on safety that they appoint. There has been a good deal accomplished and a good deal of missionary work done through the activity of the various insurance companies through their inspection and other departments. There is an organization in the city of New York known as the American Museum of Safety, which is providing a safety museum in that city, it is under the able direction of Dr. Tolman, and it is providing information there for those who can avail themselves of it.

If I may take just a minute or two, it might interest you to know some of the details of the manner of approaching this problem of some one of the large industrial concerns. It has been my privilege to have been connected with this work in the Illinois Steel Co., one of the subsidiaries of the United States Steel Corporation, for the past five years, and naturally I am more familiar with that phase of the work of that company and that corporation than with others; and, if I may be permitted, I would like to briefly outline to you how that company and that corporation have attacked the problem.

In the first place, for over 20 years the different plants of the Illinois Steel Co., of which there are five—three of which are employing from 5,000 to 10,000

men annually, and the other two are employing from 1,500 to 3,000 on an average each year—have each had what we call safety inspectors, who were members of a little side department that was clothed with two functions—that of inspecting dangerous conditions, and that of making settlements with the men when injured. Those departments ran along for some 15 years, and very little was accomplished. We had safeguarded, it is true, but we have not touched the problem as yet. It occurred to some of the officers of the company about five years ago, that we might do something by getting the representatives from our different plants together and conferring upon this problem, and, as a result of that thought, a central committee of safety was organized which is composed of two representatives from each of those five plants, the assistant general superintendent, the man in direct charge of the operating details of the plant; the safety inspector of the plant; and it is presided over by myself as the executive officer—not being connected with any one of the plants—I being in the law department of the company and thus being the presiding officer over our committee. That committee for the first four years met every two weeks. It studied every accident that happened at any one of the plants; it undertook the task of standardizing safety appliances and safeguards in the various plants of our company. It undertook the preparation of various operating rules in the plants. It adopted rules regulating the use of dangerous explosives. It considered ways and means of interesting the men, and it adopted various schemes for that purpose, most of which have been put into effect.

Now that committee has working under it and as a part of its organization at each of the plants, and we will just take up one plant—which will be a fair example of all—a plant safety committee, composed of the assistant general superintendent as chairman and the safety inspector as secretary, and from four to five or six department superintendents, each of the plants having a separate department such as blast furnace, rail mill, and yard, etc., and taking superintendents from those several departments and putting them on the plant safety committee.

Under and still going out fan like, under that committee at the plants are two committees of workmen. In one of them the membership is changed every two or three months—three months I think it is now—and the plant is divided up into divisions, four or five divisions, and workmen below the grade of foreman are selected to go upon that safety committee. Once a week that committee makes an inspection of the departments within the division from which they are taken, and makes its report to the plant safety committee. There is contemporaneously with this committee what we call a department or permanent committee, consisting of foremen in each of the departments. These foremen serve continuously, and once a month they make inspections of their departments, reporting to the plant safety committee.

In addition to this duty they investigate every serious accident which occurs in their department. They talk to the witnesses and view the spot where the accident occurred and make a thorough investigation of it and report to the plant committee what their findings are with respect to that accident, what the cause of it was, who was to blame, and if they can recommend anything to prevent the recurrence of that accident or a similar one they so report. If they believe anybody was guilty of negligence they find him guilty and recommend what discipline should be meted out to him. We find this a very valuable asset to us in the safety work we are doing in the company.

In addition to this work the central committee is served by what we might call side committees or special committees. If there is a special electrical problem which comes up we have a committee of the electrical engineers of the several plants which meets every quarter or so, or on the call of the chairman of the central committee to act with it, and there are submitted any technical electrical problems. If there is any technical blast furnace problem it is likewise submitted to them, and so on. In that way we have been able to get from each plant its best experience, its best thought, and the best ideas, and make them applicable and available to every other plant through our central committee, as a sort of clearing house and standardizing body. Recommendations which are made by our committee are never considered until they have been reported back to the plants and the plants themselves have considered them, so that before we act we have had the matter reported to the experts at each one of the five plants.

Similarly, that same form of organization is carried into the Steel Corporation, in that about simultaneously with the creation of this central committee

in the Illinois Steel Co. a similar committee was organized in the corporation, consisting of the representatives of the several subsidiary companies, and each of these companies sends in to it similar data and information, which is by that central committee disseminated through all the other companies, and thus the whole corporation gets the benefit of the thought and advice and experience of every plant of every company that composes the large organization.

Commissioner WEINSTOCK. Does your company publish literature which tells the story you are telling us?

Mr. CAMPBELL. I think there are some bulletins out now. I have before me now a pamphlet which is a much lengthier statement of the situation which I made at another time in a more formal address than I have made to-day.

Commissioner O'CONNELL. The Steel Corporation furnishes them, does it not? I just got one of them this morning.

Mr. CAMPBELL. I had thought of going into some of the educational features, among which is this bulletin. Through these organizations we have taken up the task of trying to educate our workmen to be more careful. These books of rules I have mentioned have been printed in 14 different languages, and they are placed in the hands of every workman in the plant, and every new workman is presumed, I will say—though of course there are times it is not done, through carelessness of somebody—to be instructed in those rules, at least those applicable to the particular job he is put upon. And the various means of interesting the men and educating them are also adopted. We have bulletin boards around the plants and we have mottoes on shop slips, and so forth, and moving pictures are shown from time to time when we can get the men together, and each of the companies, at least the Illinois Steel Co., is now issuing itself a monthly bulletin; and the Steel Corporation is issuing a quarterly bulletin in which all sorts of accident information, for the benefit of the several companies, is gathered together and prizes of different sorts are given to the men in a department if they are able to keep within a certain limit with respect to the number of accidents.

Foremen are examined on these safety rules, and if they are able to pass a thorough examination are given a safety button with "Safety first; boost for safety," upon it. And a thousand and one schemes that I do not want to take your time to enumerate in this allotted time, which I feel is short enough, to tell you about. But we are going at the educational problem in a hammer-and-tongs way, because we believe, as Mr. Price has said, that about 55 or 60 per cent of results accomplished are due to the interesting of the workman himself. It is a hard job to do that. He, of course, must interest himself somewhat, but it is our job, as his employer, to make him realize the importance of it. So we are going at that phase of the work in this organized way, which is the real purpose of the organization, to interest the men themselves in that way for that very purpose.

Commissioner WEINSTOCK. In other words, your aim is to bring the pressure to bear from within rather than from without?

Mr. CAMPBELL. We are trying to have everything start from the bottom, because we believe if the man thinks he thought out a thing himself, he will do it. That is one of the reasons in our committee that we pass everything back. All this work in the Illinois Steel Co. has been in a way satisfactory. We have not reached the goal that we would like to, but this concentrated and organized effort has resulted in a reduction of 66½ per cent of our accidents. It has resulted in one plant in a reduction of over 71 per cent in the number of accidents. And all that makes us feel, and makes us feel very positively, that organized effort along educational lines is the sine qua non in accident prevention work. But I must pass on—

The CHAIRMAN. If this is a convenient place to pause, and if you will be good enough to continue your remarks after luncheon, we will adjourn.

Mr. CAMPBELL. This will be a very good place for me to stop.

The CHAIRMAN. It is suggested that we adjourn now until 2 o'clock.

(Whereupon, at 12.50 p. m., a recess was taken until 2 p. m.)

AFTER RECESS.

The commission met pursuant to adjournment at 2 p. m.

The CHAIRMAN. The commission will come to order. Mr. Campbell, will you proceed.

Mr. CAMPBELL. At the hour of adjournment I was directing your attention to the work of the Illinois Steel Co. and the United States Steel Corporation.

I find that there are one or two other things in connection with their work that might be of interest, which I have neglected to state, some of our outside work, you might say, in this, that in one of our plants we have aimed to get the cooperation of the community. Where this is feasible in the smaller communities it would seem, from the results we have attained, that that might be a practicable method of approaching the problem.

Our method was this. We called together the clergy and the newspaper men of the community at a dinner and we laid before them our problem. We tried to point out where they could be of assistance to us by encouraging cooperation through the members of their parishes who might be in our employ or in the employ of other industries in the community. We have distributed safety calendars in the homes of the families, on the tabs of which are different safety mottoes. We have in conjunction with the street railway company of that particular community caused safety lectures to be delivered to all of the school children in the community, pointing out particularly the danger in the industry and in the use of the public streets and public conveyances, in the way of street cars. We have found from all three of these outside endeavors very satisfactory echoes. We find that the men, where we are approaching this thing in a continuous and organized way, are really bearing the matter in mind.

One little instance may evidence that fact. A couple of our men were attending a street carnival that was going on in that city, and there was one of these loosely-constructed Ferris wheels in operation at that street carnival. One of the men suggested to the other "Let us take a ride." The other said, "Oh, no; safety first, Jim." And we get little echoes of that kind. Men have reported to us what their children have said to them at home, etc., showing there is no limit to which you can go and ought to go in the organized effort to make everybody appreciate the importance of the work.

At this same plant and at some of our other plants, we are also trying out another plan. We have what we call a plant preacher, who is a man who speaks as many different languages as we can find in any man that may be available, and this man spends his entire time going around the plants with names obtained from the timekeeper of new men, and approaching them at their work and talking to them in the language that they understand, explaining to them the company's attitude toward safety, and discussing with them what their knowledge is of the hazards peculiar to their particular employment at the time. If he finds that they do not understand, he brings the foreman over and interprets for the foreman, and lays the problems of that particular individual before that foreman and tries to see that that man is thoroughly cognizant of the hazards of his job. We are finding that that is a very helpful way of approaching the problem.

So much in the individual industrial activity. It may be said, and I think it should be said, that there are a large number of other companies who are approaching the problem in much the same way, with possibly some differences of details. I do not mean to have you infer that I think the Steel Corporation or its subsidiary companies are the only ones who have done anything. I am only citing those as the ones with which I am more familiar with the work. There have been other lines of activity than those I have already mentioned, notably in the State departments, the work of one of which you have had explained to you this morning. There are other States which are approaching the problem in the same broad-minded, comprehensive, and instructive way that the State of Wisconsin has approached it. Among these States you will find that Pennsylvania, New York, Ohio, California, and Minnesota, at least, are at work, or starting at work along these comprehensive lines, and there is no telling what the result of that increased activity in the State departments may bring forth. There has been very recently started an additional movement which you might call the public-safety movement. I think it had its initial inception in the action taken in the city of Chicago by the coroner of Cook County, who appointed a commission voluntarily, which commission has undertaken the task of trying to correct many of the public dangers and evils incident to the use of the public streets. They have done many educational things, and they have talked to the school children and distributed leaflets throughout the city; have had moving pictures exhibited showing the dangers incident to the use of street cars and the use of the streets, and are entering upon rather a large propaganda of education as to public danger. This includes, of course, the allied danger in the home. When you stop to think of it, you would be rather appalled at the large number of

accidents that are daily occurring in the homes. We trip over a rug; we wear high-heeled shoes and tight skirts and fall downstairs; we lean against an unsecured railing on the back porch and go over on the back of our neck; and in the kitchen we wear a flimsy dress in front of the gas stove and catch on fire; and we will handle some hot grease and get some water on it and have it spattered into our faces. All of these things show the possibilities of an organized educational campaign; and that is, in a sense, the position that we find ourselves in to-day and the real necessity of the occasion.

I would like to direct your attention, having now briefly outlined to you the activities that are at work and what has been done in a way, to what I believe to be a few of the lessons that we have been able to learn from the experience we have had in the past five years.

I would first again remind you of the fact that accident-prevention work is practical work. The fact that the industries that have engaged in it have been able to reduce their accidents anywhere from 33½ per cent up to 72 or 75 per cent shows conclusively and beyond peradventure that it is a practical work and brings results and saves human lives.

Again, we have the proven fact that it results in economy. The saving of the cost of compensation alone, as has been adverted to once or twice here, is a great economy to the industry which would have to pay compensation if the man were injured. How much more, however, of an economy is it to a man himself who is able fully to earn his daily wage? He does not lose anything; he is left with his family; and there is no social or civic loss or waste when that man is maintained at his work. Every time somebody is injured, aside from the injury and loss to the man himself, nine times out of ten the community is also called upon to participate in that loss, to help support the family if the man is in poor circumstances, as nine times out of ten he is. There is likewise another economy which should not be forgotten. There is never an accident happens, except a very rare one, which does not at the same time it destroys human life or injures the person destroy or injure the property of the employer; the machine is broken at the time the injury occurs; it may have to be entirely replaced, according to the seriousness of the accident, resulting in great waste and lack of economy. There is likewise a loss of product that follows and is entailed by the injury at the time it occurs. Then, in the broad sense as affecting efficiency, we find that accident-prevention work is an adjunct to increased efficiency. By that I do not mean by speeding up a man to the highest possible point of work, but I mean the ordinary average working out of the day's product in the plant. A man is injured and a new man has to be put in his place, and it may take days to train him to do that work without loss to the particular product. At the time the injury occurs all those surrounding the men are brought to the scene of the accident, and the disintegration of the working force is really beyond computation. We do not know, we can never compute just how much of a loss of efficiency arises right there. If the accident has been at all gruesome in its character the men go away from it and are unnerved for the balance of the day, and the loss of product to the plant is unmeasurable. And in some industries where death occurs the plant shuts down for the balance of the day, and in some industries, I am told, the men do not go back to work until after the funeral.

Now all of that undoubtedly results in waste economic loss, and inefficiency, and if that can be prevented, the reverse is true, and we do have a resulting economy and increased efficiency in our plants every time we prevent an accident and the injury or death of a man. Now all of that points inevitably to the fact that Mr. Price suggested that the accident-prevention work has come to stay. The manufacturer, the industrial plant of to-day is bound ultimately to realize the fact that accident-prevention work is going to be money in their pockets. When you can make them realize that, and when they do begin to realize that, then we will have an immense wave in this move.

I think it is needless to suggest to thinking people or to more than suggest that it is, of course, one of the highest forms of humanitarian efforts that we can make. It is a work that can not help but benefit humanity at large and in particular. And any work that is humanitarian is a work that is really worth while.

Looking at the problem again in another way, we find that there is an absolutely essential element in it, and that is cooperation. This is in a way a day and age of cooperation. We find it existing to the right and left of us, but nowhere is it of any more importance than it is in accident-prevention work. The employer and the employee must actually and actively be hand in

hand in the work and the employee may be as interested as he can, but unless his employer is vitally interested and seriously and sincerely so, to the end that he will provide the safeguards and permit the employee to think of safety, you can not get anywhere. And I think right here it might be well to correct in your minds, if you have had the impression, what I have felt has been a misapprehension or a misdirection of argument, if that may be a way to express it, that has gotten into the minds of many. When we analyze this problem we say that we must safeguard and we must overcome the carelessness of employees, and it looks as though we were throwing a large burden and making an accusation against the employee. Now, I say and I believe, it is the consensus of opinion of men who have been speaking about it, that we have no right to blame a man in a plant where his employer will not turn his hand over. Let us put the blame where it belongs. The employer must first participate in this movement, he must first be interested, and his cooperation is the first and the essential element. After you have that then all of this work is necessary, and the cooperation of the employee is a necessity.

Again, all this has led to another conclusion in the minds of those who have been active in the work, and that is, that there has grown up the need, the absolute need, of some coordinating or federating agency which could properly direct and stimulate all of this scattered effort that has been made throughout the country. We find an industry here and an industry there, one State and another State to the east and the west all acting independently and with little relation to the work of the other. There has been felt the need of having some organization which could provide information respecting what has been done, what may be necessary to be done, and how to go about it if you are interested in going about it. Those industries that have been engaged in the work, many of them have almost every day in the year within recent years been receiving requests for information and data from other concerns that were feeling their way or considering going into the problem. And we have found that aside from those who have asked already there have been a very much larger number who have been diffident about asking, they do not like to go to one of their competitors and ask him for information about this or that, or to go to somebody else who they may never have met and ask what have you done, will you turn over to me all the experience you have had for the last five or six years. They have a hesitancy about it, and so much so that there is a story told of a man going to the American Museum of Safety, where there was a gear guard exhibited as a model, with his drawing board and measuring instruments, and measuring off and spending four or five hours taking down the measurements and making a draft of this guard on his board, and when asked why he was doing it and why he did not inquire of the company that furnished the device to the museum, he replied that he was ashamed to do it. That ought not to be. But in face of that and in face of the need of some organization to do that, and in the face of a further need growing out of the fact that so little has really been done by many large industries and by practically all of the smaller ones, there is a wide need for a campaign of publicity or an educational propaganda.

Therefore, it was felt at some agency which could provide all of this and which could undertake the provision of standards in the way of safeguards and safety rules and regulations which might be a guide to the industries of the country and to such State departments as might wish to and thus overcome a good deal of the confusion which exists and which has been suggested here by a recommendation of one side being made by one inspector and another respecting the same thing by another, and so on, which could undertake the provision of standards and which could hold under its auspices annual meetings for the purpose of discussing prevention customs and which would also promote local activity and local meetings and safety promotion in the different communities and geographical districts—all of this need, I say, has been felt for a number of years. It found expression a little over a year ago in an action taken at a meeting of the Society of Iron and Steel Electrical Engineers held at Milwaukee, which organization had held under its auspices a safety congress which lasted three or four days and which was very widely attended by all the expert safety men in the country, and at that meeting a committee was appointed to consider the ways and means of devising an organization which would fill this need. That committee during the year had many meetings, and as a result of its deliberations the National Council for Industrial Safety was organized.

The formal organization of it took effect just three months ago. I happen to have the honor of having been elected its first president, and it is partially in that capacity that I am before you to-day.

The organization has very large and comprehensive objects. I will not stop to quote them to you. I am going to have placed in your hands a copy of this little pamphlet that will give you much of that information, if you care to look it over more in detail later. The objects are sufficiently wide and comprehensive to permit of all of the activities, the need for which I have suggested.

The membership in the organization is open to any and every one who has any interest whatever in the conservation of human life and limb. The dues for members are moderate, and for industrial concerns have been placed on a sliding scale on the number of men employed, so that the smaller industry that wishes to take advantage of such benefits as may accrue from membership in it can do so on a properly comparable basis with the larger industries.

So that you may know a little something of the character of the organization and the real strength that we believe is in it, if you will bear with me, I would like to read to you a few of the names of some of the members, unless you feel that you prefer not to have me take your time to do that.

The CHAIRMAN. I think that was what Mr. Garretson wanted.

Commissioner GARRETSON. Yes.

Mr. CAMPBELL. I will say in general that all of the large manufacturing concerns that have done anything in this work are members of this organization, and that the large insurance companies and public-spirited men, bureaus of labor, labor lenders interested in the work, etc., are members of our organization. I am going to have placed before you a complete list of our directors and a list of the members of the executive committee, which is in the back of this little pamphlet.

Mentioning some of the members, first we have a great number of organizations like the American Museum of Safety, the Illinois Manufacturers' Association, and a number of the other trade organizations. Among the large industrial companies we have the Aetna Life Insurance Co., Mr. M. W. Alexander, of the General Electric Co., which company is also a member of the organization; the American Mutual Liability Insurance Co., the American Car & Foundry Co., the American Steel Foundries, the Pullman Co., through one of its representatives; the Avery Co., of Peoria, Ill.; the Bethlehem Steel Co., David S. Beyer, of the State of Massachusetts, the manager of their compensation department, whose exact title I have forgotten; the J. G. Brill Co., of Philadelphia, the Brooklyn Rapid Transit Co., the Brown & Sharp Manufacturing Co., of Providence; Mr. John Calder, whom some of you may know as one of the later authorities on accident prevention work; the J. I. Case Threshing Machine Co., the Chicago & North Western Railway Co., the Commonwealth Steel Co., the Dodge Manufacturing Co., the Eastman Kodak Co., the Fidelity & Casualty Co., of New York; the Ford Motor Co., the General Accident Fire & Life Insurance Corporation, the General Chemical Co., Harrison Bros. & Co. (Inc.), of Philadelphia; Dr. Frederick L. Hoffman, of the Prudential Insurance Co.; Dr. J. H. Holmes, of the Bureau of Mines; the Inland Steel Co., the International Harvester Co., Dr. John Price Jackson, commissioner of labor and industry of the State of Pennsylvania; James A. Kennedy, who, I believe, is commissioner of labor of the State of Michigan; Hon. Charles C. McChord, Interstate Commerce Commissioner; the New York Central lines, Pennsylvania Steel Co., the Pfister & Vogel Leather Co., the Peoria Railway Co., the Simmons Manufacturing Co., Swift & Co., the packers; the Union Pacific Railroad Co.; the Vulcanite Portland Cement Co., the subsidiary companies of the United Steel Corporation and that corporation; the General Electric Co., the Independent Inspection Bureau, several members of the workmen's compensation bill, the New Jersey Zinc Co., the National Association of Tanners, Sears, Roebuck & Co., the Standard Steel Car Co., and a large number of others. Our membership to-day is approaching 800.

The form of organization is simply this: The general direction of affairs is in the hands of a board of directors, 75 in number, which meets annually and elects an executive committee of 15, which is charged with the direct responsibility of managing the affairs of the national council. I have here a list of our directors, which is as follows:

R. W. Campbell, chairman, central safety committee, Illinois Steel Co., Chicago, Ill.

W. F. Houk, commissioner of labor, Minneapolis, Minn.

Edgar T. Davies, Chicago, Ill.

G. L. Avery, secretary Avery Co., Peoria, Ill.

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- Lewis T. Bryant, commissioner of labor, Trenton, N. J.
 J. D. M. Hamilton, claims attorney Atchison, Topeka & Santa Fe Railway Co., Topeka, Kans.
 John Kirby, jr., president Dayton Manufacturing Co., Dayton, Ohio.
 Thomas Lynch, president H. C. Erick Coke Co., Pittsburgh, Pa.
 Dr. F. D. Patterson, director of safety, Harrison Bros. & Co. (Inc.), Philadelphia, Pa.
 Hon. C. P. Neill, American Smelting & Manufacturing Co., New York, N. Y.
 David Van Schaack, director bureau of inspection and accident prevention, Aetna Life Insurance Co., Hartford, Conn.
 L. B. Robertson, Ford Motor Co., Detroit, Mich.
 H. H. Laughlin, Jones & Laughlin Steel Co., Pittsburgh, Pa.
 Hon. C. C. McChord, Interstate Commerce Commission, Washington, D. C.
 William F. French, member Industrial Accident Board of California, San Francisco, Cal.
 W. A. Layman, president National Metal Trades Association, St. Louis, Mo.
 George W. Simmons, Simmons Hardware Co., St. Louis, Mo.
 F. W. McKee, Fairbanks-Morse Co., Beloit, Wis.
 Robert J. Young, manager safety and relief department, Illinois Steel Co., Chicago, Ill.
 Charles Piez, president Link Belt Co., Chicago, Ill.
 W. J. Olcott, president Oliver Iron Mining Co., Duluth, Minn.
 Dr. E. W. Chaney, Bureau of Labor, United States of America, Washington, D. C.
 E. H. Carey, president American Iron & Steel Institute, New York, N. Y.
 W. B. Spalding, chairman central safety commission, Frisco Lines, St. Louis, Mo.
 J. A. Robinson, chairman central safety commission, Eastman Kodak Co., Rochester, N. Y.
 Marcus A. Dow, general safety agent, New York Central Lines, New York, N. Y.
 Bison S. Lott, president United States Casualty Co., New York, N. Y.
 J. F. Robison, assistant secretary American Car & Foundry Co., St. Louis, Mo.
 J. H. Patterson, president National Cash Register Co., Dayton, Ohio.
 John Calder, president International Motor Co., New York, N. Y.
 Dr. W. H. Tolman, director American Museum of Safety, New York, N. Y.
 G. G. Crawford, president Tennessee Coal & Iron Railroad Co., Birmingham, Ala.
 Dr. A. M. Harvey, Crane Co., Chicago, Ill.
 J. W. Mapel, Pfister & Vogel Leather Co., Milwaukee, Wis.
 Howell Chaney, Chaney Bros., South Manchester, Conn.
 Claude Taylor, president Michigan Federation of Labor, Grand Rapids, Mich.
 Dr. J. A. Holmes, Bureau of Mines, United States of America, Washington, D. C.
 G. A. Ranney, secretary International Harvester, Chicago, Ill.
 H. D. Sharpe, treasurer Brown & Sharpe Manufacturing Co., Providence, R. I.
 S. J. Peterson, acting safety agent, Union Pacific Railroad Co., Omaha, Nebr.
 T. E. Gaty, secretary Fidelity & Casualty Co., New York, N. Y.
 Ed. E. Adams, Cleveland Hardware Co., Cleveland, Ohio.
 R. C. Richards, chairman central safety commission, Chicago & Northwestern Railway Co., Chicago, Ill.
 P. C. Schweltman, vice president and general manager Racine Sattley Co., Springfield, Ill.
 H. M. Wilson, Bureau of Mines, United States of America, Pittsburgh, Pa.
 L. R. Palmer, chairman safety commission association of Iron & Steel Electrical Engineer, Pittsburgh, Pa.
 Z. G. Simmons, president Simmons Manufacturing Co., Kenosha, Wis.
 Arthur Williams, president Edison Electric Co., New York, N. Y.
 E. G. Trimble, manager Employers Indemnity Exchange, Kansas City, Mo.
 Arthur T. Moray, assistant to president Commonwealth Steel Co., St. Louis, Mo.
 M. W. Alexander, General Electric Co., West Lynn, Mass.
 C. L. Close, manager bureau of safety relief and sanitation and welfare, United States Steel Corporation, New York, N. Y.
 S. W. Tanner, manager casualty department, American Steel & Wire Co., Cleveland, Ohio.
 W. T. Moulton, Cleveland-Cliffs Iron Co., Ishpeming, Mich.

Lancaster Morgan, treasurer General Chemical Co., New York, N. Y.
 F. L. Hoffman, statistician Prudential Life Insurance Co., Newark, N. J.
 T. D. Williams, president Brooklyn Rapid Transit Co., Brooklyn, N. Y.
 Melville W. Mix, president Dodge Manufacturing Co., Mishawaka, Ind.
 J. C. Adderly, secretary Millers Mutual Casualty Co., Chicago, Ill.
 J. B. Kennedy, Industrial Accident Board, Lansing, Mich.
 David S. Beyer, manager accident prevention department, Massachusetts Employees Insurance Co., Boston, Mass.
 Rose C. Purdy, research engineer, Norton Co., Worcester, Mass.
 J. B. Douglass, manager claim department, United Gas Improvement Co., Philadelphia, Pa.

C. W. Price, assistant to Industrial Commission of Wisconsin, Madison, Wis.
 There should be added to that list, although their names have been omitted, the name of Mr. Julius Kruttschnitt, chairman of the executive committee of the Southern Pacific Railway Co.; Douglas Fisk, of Minneapolis; and W. H. Cameron, our secretary.

Among the men who are the directors of the council you will find practically all the men in the country who have been interested in safety work and who have been interested in public movements generally. It is a broad and comprehensive list of able men who have been willing to cast their lot with the organization and share some of the responsibilities of its activity.

The executive committee, as I have stated, is in direct and responsible charge of the activities of the organization, and you will find the names of that executive in the back pages of this pamphlet. The are as follows:

Mr. Robert W. Campbell, chairman central committee of safety, Illinois Steel Co., Chicago, Ill.

Mr. Lew R. Palmer, assistant commissioner labor and industry, State of Pennsylvania, Harrisburg, Pa.

Mr. Ralph C. Richards, chairman central safety committee, Chicago & North Western Railway Co., Chicago, Ill.

Mr. Edwin R. Wright, Chicago, Ill.

Mr. G. L. Avery, secretary Avery Co., Peoria, Ill.

Mr. David Van Schaack, director bureau of inspection and accident prevention, Aetna Life Insurance Co., Hartford, Conn.

Mr. Robert J. Young, manager safety and relief department, Illinois Steel Co., Chicago, Ill.

Mr. Charles Piez, president Link Belt Co., Chicago, Ill.

Mr. Ferd. C. Schwedtmann, vice president and general manager Racine-Sattley Co., Springfield, Ill.

Mr. H. M. Wilson, Bureau of Mines, United States of America, Pittsburgh, Pa.

Mr. E. G. Trimble, manager Employers' Indemnity Exchange, 706-708 Commerce Building, Kansas City, Mo.

Mr. Arthur T. Morey, assistant to president Commonwealth Co., St. Louis, Mo.

Mr. Charles L. Close, manager bureau of safety, relief, sanitation, and welfare, United States Steel Corporation, New York, N. Y.

Mr. Charles W. Price, assistant to Industrial Commission of Wisconsin, Madison, Wis.

If you will examine that list you will find that, with the possible exception of the president, they are all men who have been actively and energetically engaged in some form or other of accident-prevention work during a large number of years. They are men who know the accident-prevention problem as it is, and know what ought to be done in connection with it, as we believe. We feel that we have gathered together here in this executive committee possibly the best intelligence and the best ability for handling the problems as they may be presented in connection with accident-prevention work that are available in the country. It is not a fancy committee. There are none of us who have fancy names. We are all of us simply hard-working men actively in the field, doing the kind of work that the council is trying to promote and direct.

It is a satisfaction to me to be able to state that at nearly every one of the meetings of this executive committee there have not been more than one or two members of the committee who at any one time have been absent. You will see that they are gathered from all over the country—some from Philadelphia, some from New York, some from Pennsylvania, some from Wisconsin, some from southern Illinois, some from Missouri. It is a real representative body

of safety men, and we feel that with that body to work with we really have a great opportunity.

We recognize that we are likely to make mistakes. It is only human for us to do that; but we feel that this organization ought to make a success of its endeavors. If it does not, we are not prepared to say just where the fault will be.

I may say that if at any time when I am speaking any one of you desires to interrupt me with a question, I shall be glad to have you do so.

Commissioner LENNON. I was going to ask you this question: In all of your talk I have not heard a word regarding educational work that has been done by organized labor in connection with this, and they have been at it at least as long before you were born as you have lived in the world.

Mr. CAMPBELL. I am omitting that because I believe that to-day the real man to reach is the employer. I believe he is the man whom we have got to hammer at and make him appreciate the importance of it. I do not think we deprecate at all the activities of organized labor and all the work it has done in promoting proper and efficient legislation; but what we believe to be the problem before us is to get the employer before we get any satisfactory results.

Commissioner LENNON. I agree with you on that proposition.

Mr. CAMPBELL. Consequently we are trying to say what we believe to be the problem that confronts us to-day, and feeling that as strongly as I do, I have omitted to say anything of the kind suggested in your question.

Commissioner LENNON. I heard the predecessor of Mr. Garretson make an argument before a committee of Congress a good many years ago on this question, and Mr. Clark covered not only the railroad phases of it but the historical phases of it, as it applied to other industries. I do not know how long ago that was. It is so long ago that I have forgotten just exactly what year it was.

Commissioner GARRETSON. That was in 1898.

Commissioner O'CONNELL. Some years ago I was myself connected with that commission in the State of Pennsylvania.

Mr. CAMPBELL. I do not mean that the problem is a new one, but there has been new activity and a new impetus has been given to it to-day, and I am simply trying to say to you what I believe to be the present situation and where we really have to start to meet that situation.

Commissioner O'CONNELL. Tell us what you want this commission to do. We are all in sympathy with the proposition. Now, what would you have this commission do, and how would you have us do it?

Mr. CAMPBELL. I think the commission should do practically just what the act asks it to do. I believe that a complete investigation of the different phases of the work should be made under the direction of this commission. It may be that there is this remedy or that remedy or the other remedy for existing conditions. I do not think any of us is prepared to say just to-day how the thing ought really to be handled.

Commissioner O'CONNELL. This is a conciliation committee.

Mr. CAMPBELL. The thing that seems to me to be essential is that we really get down, as Mr. Price has said, to hammer and tacks and try to analyze absolutely and thoroughly just what ought to be done. I am not prepared to say just exactly how the thing ought to be worked out. It is a time, as you intimate, when I think we ought not stop to criticize or find fault. As has been aptly said by some one, in the language of the street, "It is time to sell your hammer and buy a horn." It is a time for constructive work to be done, and I believe this commission really has an opportunity to promote some. I believe it would be unfair for any of us to try to say to you to-day just what you ought to do. It is something that we can not sit down at this table and state in half an hour's time just simply by thinking about the problem off hand. It is something that ought to have thorough consideration, after looking over the whole field.

Commissioner LENNON. Is your organization ready and willing to cooperate with this commission to any extent that may be possible and feasible?

Mr. CAMPBELL. I was coming to that.

Commissioner LENNON. I beg your pardon.

Mr. CAMPBELL. I am authorized to say to you that our organization is ready and willing to cooperate with you to the fullest extent possible, in any way that you may require of us. Our executive committee and our facilities are at your disposal in any way you may see fit to make use of them. We would be very glad indeed to cooperate to the fullest measure.

Commissioner GARRETSON. Mr. Campbell, would it not put the matter in a practical shape for the use of the commission or for their investigation, for an association like your own, for instance, representing the interests that you do, to draw into concrete form an act which meets with the views that you have expressed, and present it to this commission for their consideration? They can thereafter make such investigations as may seem to them to be desirable and may make such modifications as appear likely to produce the desired results. Bear in mind that I am making this suggestion from the standpoint of a man who is absolutely in sympathy with the object to be attained.

Mr. CAMPBELL. I understand.

Commissioner GARRETSON. Because—let me draw your attention to one thing. If you have followed the history of safety enactments on this continent, all safety enactments have started right at the point to which you referred a little while ago. You desired to make it appear that it should come from the bottom up. All the safety appliance laws that there are in existence have originated from one of two sources—either laboring men or academic groups.

Mr. CAMPBELL. Yes.

Commissioner GARRETSON. But, as a rule, it is the academic group which has come to the aid of the laboring man, and most of the safety legislation in existence has been secured against the strong opposition of the very elements that now see the desirability of safety legislation. It seems to me that would be the quickest way to get into practicable working shape the very thing you are recommending.

Mr. CAMPBELL. That would be admitting that you could do the whole thing by legislation.

Commissioner GARRETSON. Has this commission any powers whatever except to make recommendations presumably for legislation?

Mr. CAMPBELL. That would be one of its functions; but I can see a broader function that this commission could well perform. After a complete investigation that the commission might make in such a way as it should determine to find out where the trouble is the difficulty will be about the ways of meeting that trouble, as I take it. One will be possibly by legislation. The other will be by the promulgation or the promotion rather of an educational campaign. Now, if your commission would put the stamp of its approval, for instance, upon the movement, and would point out the necessities of the movement, or make some such report as would bring the information to the knowledge of every manufacturer and every employer, that a commission of the character of this one has found that such and such conditions exist, and that such and such conditions ought not to exist, and that something ought to be done, and that every manufacturer ought to get into the game, why, if you did nothing else, your report made in that form would be of inestimable value in the whole campaign.

Commissioner GARRETSON. Can this commission put the seal of its approval in any other form so strongly as to recommend a specific act for legislative enactment?

Mr. CAMPBELL. That, if it was worked out, would be of very great value.

Commissioner GARRETSON. Therefore, what I have suggested would be the preliminary step and a skeleton upon which to hang that.

Mr. CAMPBELL. That would have to be very carefully thought out; and I am still of the opinion that, legislate as much as we will, get as much legislation on the books as we will, we still have not solved all of the problems.

Commissioner GARRETSON. My idea is to make you do a part of the thinking.

Mr. CAMPBELL. On behalf of my organization I will say that we will do anything you want us to do. We would feel in this way, however, that if we were going to undertake anything you asked us to undertake we would be at liberty to give it our thought, and we would want to be untrammelled. The day of partisanship in this sort of thing is no longer here, and it would have to be absolutely impartial, unbiased, and without strings of any kind. That is the sort of proposition that we would want to undertake.

The CHAIRMAN. What would be your suggestion? Would you suggest that we make a complete investigation—

Mr. CAMPBELL. I am not absolutely certain that I have given the matter sufficient thought to make any valuable suggestion. I will, however, give you the thought that is in my mind. My experience with such few of the committees and organizations that I have had to do with has shown me that the greater value and best results can be obtained first by the appointment of subcommit-

tees within the organization. I do not know what your form is here. My first suggestion would be that a subcommittee to have direct charge of this phase of your activity be appointed, which committee could take up and work out the different phases of the problem. I should say that that committee ought to get the best advice, the best counsel that it could. It is possible that we could do this; that we could let our organization be an advisory body to your subcommittee and advise that committee as to what testimony it ought to take, if any testimony should be necessary, or what other endeavor or effort might be made to get such data together as would enable the committee to consider the problem properly and possibly offer suggestions for the form of their report or recommendations to be made. I assume that that could be done, could it not, Mr. Price and Mr. Cameron?

Mr. PRICE. Yes.

Mr. CAMPBELL. If it should meet with the pleasure of the commission to adopt some such suggestion, I am very well satisfied that the National Council of Industrial Safety will be pleased to form itself into an advisory board for your subcommittee.

Mr. PRICE. We will do the hard work for your subcommittee.

The CHAIRMAN. Would you be willing to draw up in writing the outline of an investigation and submit it to our expert, Mr. Lauck?

Mr. CAMPBELL. I think that ought to be the result of a conference. If you should appoint a subcommittee, it seems to me that your committee knows in a way what you are aiming at, and we in a way know what the broad problem is, and it would be far better if we would simply say that we will appoint a committee to act with your subcommittee, and with such experts as your committee has here, the two committees to get together and thrash out a line of attack on the problem. That would be the very first thing in the way of a suggestion that you adopt that course.

Commissioner GARRETSON. I want to draw your attention to this from the standpoint of one member of the commission. You used the phrase a moment ago that the commission knew what it wanted to do. I differ with you absolutely on that. The commission do not know what they want to do in any direction.

Mr. CAMPBELL. I see.

Commissioner GARRETSON. And the commission wants the intelligent, honest suggestions of those interested in the subjects on which this commission is expected to arrive at a conclusion.

As to the advisory board, I would be absolutely at variance with that idea, for this reason: On this safety problem there are probably 20 different interests, each of whom would desire to be heard, and each would want to be a portion of that advisory board if there was one formed. I think you will recognize that without a doubt, and the consequence would be that for one interest to attempt to resolve itself into an advisory board would be an untenable position. But what I would suggest would be this: That, as proposed by the chairman, you draw an outline of what you believe to be the true course of action. Possibly, a dozen other parties interested in the subject would do likewise. Then it will become the mission of the commission to reconcile the various things that appear in these presentations and work out a plan of procedure from the whole that they will be ready to recommend. I do not know whether my associates on the commission would agree with that viewpoint or not, but it is the viewpoint of one man. As far as any suggestion of partisanship is concerned, unless the members of this commission are citizens first and partisans afterwards they might as well stop drawing their pay.

Mr. CAMPBELL. I do not think that question has arisen anywhere.

Commissioner GARRETSON. I do not think it has.

Mr. CAMPBELL. We are way beyond that.

Commissioner GARRETSON. I think if a commission constituted like this could not rise above its partisanship on general questions—

Mr. CAMPBELL. I had no reference to this commission.

Commissioner GARRETSON. I am aware of that.

Mr. CAMPBELL. We would want to be perfectly free to make suggestions of what we thought was right, irrespective of whether it was going to be detrimental to one or another.

Commissioner GARRETSON. My idea was that the commission would sit above the various plans suggested. This is only one of many questions that will be presented. To the men now before us who are interested in this matter it is naturally the largest question.

Mr. CAMPBELL. I have reference only to one phase of your work—the safety and sanitation phase of it.

Commissioner GARRETSON. I believe it is within the province of the men who are interested in that question to draw at least a fair presentation of what they believe would produce desirable results.

Mr. CAMPBELL. I have had no idea of suggesting anything for our organization to touch other than the mere question of safety.

Commissioner GARRETSON. I so interpreted your statement.

The CHAIRMAN. May I be permitted to make a suggestion? We have already adopted a sort of tentative plan of operation which includes the appointment of a managing expert. There are naturally people drawn from many walks of life, some with much knowledge, some with little, some with none.

Commissioner BALLARD. Speak for yourself [laughter].

The CHAIRMAN. Mr. Ballard is one who knows a great deal upon all subjects. I was going to say that we are going to try to work out these things tentatively at least through our managing expert. So the question now is, could you cooperate with us along that line, and will you be willing to make for us an outline of an investigation and submit it to our managing expert in writing? Hereafter, later on, we are going to take up the question as to just how we are going to operate, and there is no use trying to figure that out in advance until we hear what all the members of the commission think about it.

Mr. CAMPBELL. Mr. Chairman, we will be very glad to do anything we can.

Mr. PRICE. May I ask if that outline which you have in mind would be a preliminary outline? Then let us suppose that you decided that our body was the proper body to make the main investigation and their report leading to suggestions for legislation, etc., that would follow, or that you should decide on some other organization that had presented an outline.

The CHAIRMAN. I do not know what the rest of the commission think about it, but we are seeking the cooperation of every one who has any information or who has a plan to do anything. We are not bound to follow any of them, as I understand, but to take what the commission thinks is of significance and the vital points on the subject. Now we want to know whether you will draw up an outline. Suppose you were going to do this yourself. Suppose you were empowered to do what we are empowered to do, and you were going to make this investigation, how would you do it? We may follow your entire plan, or a part of it, or confer with you and adopt none of it. It will depend on its merits.

Mr. CAMPBELL. I want to say that we will do anything you want us to do. We believe there is so much possibility in what you may do here that it will be of such great value to the Nation at large that we want to help you in any way that we possibly can.

There was one thing, if I might be permitted to suggest, if your commission would bear with us, we would like to have one other phase of our work laid before you, so you may know what our organization is, and its secretary, Mr. Cameron, had planned to tell you a little bit of the activities that we are engaged in and just how our organization is doing its work, and I believe, if I may be permitted to say so, it might be better for you to get the full view of the organization before you give further consideration to the other matters or to this matter. I will say, if you desire us to act one way or another, in whatever way we can aid you, we stand ready to do so.

The CHAIRMAN. Mr. Cameron, the secretary of the National Council of Safety.

STATEMENT OF MR. W. H. CAMERON.

Mr. CAMERON. Mr. Chairman and members of the commission, I will just take one minute of your time. There is just one thought I want to leave with you, and that is that it is the entire aim of the national council to make its work as practical as possible. One of the principal things in this work is the organization of a central information bureau. As Mr. Campbell has said, there has been a good deal of work done in the different parts of the country by different people, but there has been no agency which would coordinate the information which has been published on the subject of safety. Now, the information bureau of the national council hopes to get together all the blue prints and photographs and models and printed literature on the subject of safety. I learned very soon after starting our work that organizations like ours are in the habit of putting information they receive into filing cases and

vaults, and not letting anybody see it. The members of the organizations of this kind are liable to pay their dues and not ask for anything. We determined from the beginning that the members were going to get the information. I started five weeks ago to send out a weekly letter to every member of the organization, and send out from three to five pieces of safety information. We have one out which is an authoritative standard book on elevators; a book on standards for safety on scaffolds. I have sent out a bulletin like that [indicating] on the subject of eyes, for instance, telling three or four stories of how accidents happened to eyes. Here is a bulletin which went out with one letter showing how this man's hand was cut off and the conditions under which the accident took place, making recommendations to avoid accidents of that kind. We have sent out a book of this kind on the standards of elevators and how to reduce accidents—boiled down information how to get at the subject.

Here is another book—an investigation on the subject of tuberculosis. Here is a book on the subject of examination of employees. There is not a piece of information in this country that is as original as this. It is a compilation of addresses made in Chicago under the auspices of the Illinois Manufacturers' Association, and has been distributed broadcast by our association.

Here is a pamphlet reproducing four pictures representing standard guards. Here is the picture of a man who lost an eye, who ought to have worn safety spectacles. When I was with the American Steel Foundries, we started, I think, the principal work on the protection of the eye. That company was losing from 12 to 15 eyes per year, and we absolutely cut the accidents to eyes out of our work. This was a man who refused to wear spectacles, and at the end of two years he lost this eye.

You can see this is very valuable. They have not, perhaps, the time or money and experience to spend on pictures of that kind, and we will furnish any number of those to our members. Here are three little pamphlets, two of them addressed to workmen, pointing out the advantage of wearing spectacles, and one to foremen—

The CHAIRMAN. Excuse me, Mr. Cameron, but if you have a copy of one of those to submit as exhibits, following what has been said, you might leave it with us.

Mr. CAMERON. I will be very glad to send one to each member of the commission.

The CHAIRMAN. If you will send it to Mr. W. J. Lauck, the managing expert, we would be obliged. Just send a copy of each one to him.

Mr. CAMERON. I will be glad to do it. Mr. Price has also spoken of them. We are also doing this from a national standpoint. There is a hunger everywhere for tangible information. People do not know what to do, and they want information as to how to do it, and they want to educate their men and want bulletins and blue prints and cartoons. We have some cartoons on the subject. Then we have lists on our files of expert safety engineers and lecturers and moving pictures. We have already been in conference with the State commissions in two of the largest States, assisting in the selection of safety experts, and we hope to be the headquarters along that line.

Then, I think perhaps the most important work that the council will do and is doing is the organization of local councils in the various industrial centers for the purpose of getting together the people that are interested in these various communities in the subject of safety. There never has been up to this time, particularly in the smaller cities, any agency that could bring together the safety engineers and experts and others to discuss safety questions. Our form of local councils is very much like the central safety committee that has been described by Mr. Price and Mr. Campbell. These men from various places get together around a table and not only discuss the general questions of safety, but their own experiences. One man brings to this round table a particular accident which had been new to them, and they discuss it—

The CHAIRMAN. Mr. Cameron, I do not wish to interrupt you, but I am going to make this suggestion. The commission, of course, by law is required to look into this subject of safety and sanitation. Now, we are thoroughly allied to the idea that it is desirable to bring it up to the utmost limit, and I think we are also satisfied that cooperation is a splendid thing, and perhaps a vitally necessary thing. It is to my mind, of course. If you would address yourself to what you think we could do, to the short cuts to doing this within the scope of this law, and what we are expected to do, I am sure the commission would be obliged to you. That is, if you have a suggestion as to whether we shall confer with the States or devise laws for the States or adopt some national

policy or anything that you might suggest this commission could do to help it along, we would be pleased to have your suggestion. We are assuming that every organization such as yours is doing its work well, and that it is well enough worth while for us to consider your whole scheme, and cooperate with you if possible. But the question we would like you to address yourself to is what we can do under the scope of this law.

Mr. CAMERON. There has been so much practical work done and so much criticism—

The CHAIRMAN. You get the point. The details of how you secure cooperation and how you project yourselves into the communities, of course, that does not affect us. The only way we could project it is by having public hearings and advising Congress as to laws. We assume, and I think the commission is thoroughly alive to the fact, that it is desirable to have laws. What shall we do as a national commission under the scope of this law to determine the conditions and sanitation and safety of employees and the provisions for protecting the life, limb, and health of the employees.

Mr. CAMERON. It seems to me the President has answered that question, and I am in entire sympathy with what he has had to say. Probably, as you suggest, the best way to handle the subject is to make some sort of a report to your subcommittee as to what we could do for you. I think I can stop right here. There is a lot more to say about our practical work, but—

The CHAIRMAN. It is not that I want to interrupt any single person here, because the information has been very illuminating, indeed.

Mr. CAMERON. I would be very glad to answer any questions.

The CHAIRMAN. There is just one question which you can answer, and briefly it is this, Has your organization made any detailed study of the question of sanitation?

Mr. CAMERON. No; it has not yet, but that is one of the subjects we hope to take up. We have a sectional idea which I did not touch upon, in which we hope to get together the different groups of people—

The CHAIRMAN. But you have not done anything on it as yet?

Mr. CAMERON. No.

Mr. CAMPBELL. There has been a great deal of work done, and that is available in our service, Mr. Chairman.

The CHAIRMAN. Now, I believe that it was suggested that the next person we would like to hear from would be Mrs. Robins, if she is ready now.

Mrs. ROBINS. I am.

STATEMENT OF MRS. RAYMOND ROBINS.

Mrs. ROBINS. Mr. Chairman, Mrs. Harriman, and gentlemen of the commission, as far as I can judge, to go back a while, this commission was created to find out the underlying causes for the present dissatisfaction. That is, to find out what was in the minds of a great number of people who are immensely interested, to see if we can come to some understanding of what is happening in our great American land and yet do what we can to bring about improved conditions. "That the commission shall seek to discover the underlying causes of dissatisfaction in the industrial situation and report its conclusions thereon," in my judgment, therefore, is the work of the commission, but what I want to bring to your attention this afternoon would divide itself into two thoughts, some of the fundamental causes and then some of the contributory causes. Representing as I do a woman's organization, the women's trade unions of the country who have affiliated themselves with the National Women's Trades Union League, I am certain that we feel that we are somewhat a contributory cause; that is, the conditions which make for women's work are somewhat of a contributory cause to the dissatisfaction. But if I might for the moment speak of what seems to me some of the underlying causes which make for this dissatisfaction, I feel, to put it very briefly, that simply means the denial of rights, the denial of justice, if you will, or rights of the working men and women of our country. If that cause is an element which acts continuously, not just here and there, but every single day, for 10 or 14 hours of work, then I think we perhaps should find out if there is any truth in the statement or the thought that it is the denial of right which is causing these tremendous upheavals in America to-day. I think if we could find out what some of these causes are, we might be able to get nearer a solution.

For instance, I am very deeply interested in this matter of sanitation and safety. I think in this matter of sanitation and safety we ought not only to

see that safety measures are introduced for machinery but that we ought also to see that the machinery at which girls, at any rate, are made to work should be so adjusted to the make-up of women that we do not at the very start put the young womanhood and the possibility of motherhood in jeopardy. For instance, by way of illustration, we might find out why it is considered necessary to have the tread in many of our laundry machines or binding machines 7 or 8 inches from the floor, so that when the girl has to put the whole weight of her body on it, say, 32,000 times a day, she has to lift her foot 7 or 8 inches from the floor. That is one of the smaller matters that might be looked into in connection with this question. But granted that we have the laws, I for one would find it quite impossible to leave the enforcement of that law to any employer's willingness to have that law enforced. I would be against it, because when it depends upon one man's willingness whether it is or is not to be enforced, it is not likely to be done, and because one of the big things we ought to do is to get the definite recognized cooperation of the working men and women if the laws which are enacted for their benefit are to be enforced.

Now, my point is this: We have, for instance, laws not only for safety and sanitation but we have laws limiting the hours of work. In Chicago—and Chicago is just one city, and it is happening all over—our young women in the department stores and in the factories and workshops, when they call the attention of their foremen or their employers to the violation of the hours of work, are dismissed. They are simply told to look elsewhere for a job. Just a few days ago we received a letter from a young girl who called our attention to the fact that there was a violation of the 10-hour law in the factory where she was working. She refused to sign the letter, as all of them do, stating she knew she would lose her job if it were known who she was. We reported to the factory department and the factory was found guilty of violation of the law and the employer was fined, and there was a great deal of inquiry made as to who had given the information; and this particular girl was summoned to the employer's office and she admitted that she had written the letter of information and she was summarily dismissed. If that happens only once or twice, well and good; but if it happens all the time and forever and a day, then that situation means a denial of the right of the girl to her rights of citizenship, and also of her rights to stand with her fellow workers.

By way of illustration, I feel that if we could at once adjourn to Calumet, Mich., and find out what is the reason for that situation to-day, one of the big things would be begun before this commission. I do not know whether you are in a position to do that or not, or whether you have decided to take any action in any of those matters which are occurring at the present moment. But by way of giving you a sense of the reaction that is going on there at the present moment, when that Christmas tragedy occurred—and the women in Chicago had sent a great many of the things which were on that tree when that terrible Christmas tragedy took place—the reaction of the women and men in the labor world was just this: If that Christmas festival had been a festival of the rich people's children, of the mine owners', and not of the mine workers', everybody who could possibly be accused of having caused that tragedy would have been arrested, but because they are children of mine workers no such attempt is made. I am not saying that that is a fair conclusion to reach, but that is the reaction in the people's minds.

It is also true, I think, that we really ought to understand how impossible it is for us to tolerate industrial conditions which make it impossible for the women to feel that they have the right to organize. If the right to organize is not recognized as a right in America, it ought to be plainly stated, and we will know where we are. But if it is recognized, then the courts ought not to be used to enjoin us from organization, and woman ought not to be deprived of her right because she wants to join an organization. In the capacity of the working women and the strength they have within the four walls of the factory or the department store lies the only chance to have any law enforced throughout the land. I am not speaking of exceptions. One of the most vivid illustrations is the terrible Triangle shirt waist fire that occurred, as you will remember, after the great shirt-waist strike in New York. I believe when that strike was settled something like 90 factories signed up, recognizing the union. The Triangle factory was one of the factories that refused to sign up. Three months later they had dismissed every one of the girls who participated in the strike, with the exception of two of the newly arrived immigrant girls who were working there. Escape was made practically impossible

because of the locking of the doors. One hundred and forty seven girls lost their lives, as we know. We also know about the great mass meeting in Carnegie Hall and the tremendous demonstration in New York. A few months ago that same factory was examined before one of the municipal courts in New York City, and it was again found that it had violated the fire ordinance of New York City and had again locked its doors on 150 girls. The fine of the judge was \$20. It is that sort of a sense of never being able to get back at a wrong that has been done them that is making for this tremendous upheaval in American industrial life to-day. And it is especially necessary that we stand for the right of organization and make it clear that it is a right to be guarded, as one of the liberties to be guarded by the courts and not fought by the courts step by step, hour after hour, and day after day, as is being done at the present time in our industrial world.

After that Triangle factory fire the trade-union girls of Chicago got together and formed themselves into a Committee of the Women's Trade League of Chicago, and formed a fire-protective committee, and called upon the mayor and the city council and demanded the enactment of a fire-prevention bureau, and that was done. We wanted very much to get information from the working girls and we had 125,000 leaflets printed in five different languages and we asked for information as to the fire protection which they might enjoy, and out of those 125,000 leaflets distributed we have received something like 25,000 answers which, I think, every one will agree is a pretty big proportion. Of those 25,000 answers which were sent in barely 1,000 had the names of any of the senders signed to them for the simple reason that every girl knew that if she gave her name and if by any chance her name was known to her employer, she would lose her job. If that is the consensus of opinion of the women in the second greatest industrial city in the world, we are not dealing with what is just happening here and there, but with a very great and important fact, which will do something to eliminate the condition.

I feel if it were possible for this committee to look into the question of the right of organization and into the question of the courts as they play their part, making it impossible for the people to exercise their rights, we would come to one of the underlying causes that makes for the dissatisfaction in American life to-day. And I think also that whereas surely it is very fine to be able to work with one or two hands, with every finger protected, and not have to work as a cripple, minus a hand or a leg or a scalp—because in some of our printing establishments at Chicago some of our girls have been scalped because the machines were put so close together that the hair caught in the machine back of the girl—nevertheless, it is not that sort of thing that is going to eliminate the difficulty. We are pushing further away from the root of the matter, unless we can, by getting at the root of the matter, see what are some of the contributory causes.

Among some of the other contributory causes I would like to speak of the women's work. There are certain things that have made it very difficult for women to be anything but the underbidders in the labor market. They have come into the labor world very unexpectedly, and I say that, even though it is nearly 100 years since they have been in factory life in America. They were untrained to team work, which meant they were untrained to organization. They were only beginning to find their way when we had this great and mighty Civil War in our midst, which created a hiatus in our industrial development and industrial life, and they only slowly came to the recognition that they had to translate their laboring power into cash value. They also represent, Mr. Chairman, a disenfranchised group. Every disenfranchised group in every country in the world is the more easily exploited. You only have to compare the exploitation of our women with the newly landed immigrant men and women to realize what is denied to the women of our country in most of our cities to-day. And being disenfranchised we stand as the more readily exploited group of labor. There is a great attempt very wisely being made to introduce with safety appliances industrial training into our public schools. Because of the fact that we stand disenfranchised in the communities that trade training is being given to boys over and above girls time and again, and the general thought is that the girl is only a potential wife and mother. She is a potential wife and mother, but she is also a bread winner, and I think it is exploded as a theory that she is only in the industrial world for seven years or so. We are in it, most of us, for keeps. At any rate, the last investigation made by the legislature showed that women stayed 10 or 15 years, if not longer, and that the great percentage of them do that.

I feel that it would be well, if it is possible—I do not know that it is or whether it comes under the jurisdiction of the commission, but simply as one of the contributory causes, and I do want to make it clear that I recognize it is not an underlying cause, that equal opportunity for training is given to the girls and boys, and that the girl therefore enters the trade through the open door and not as an underbidder through the back door. Of over 300 occupations and trades listed in the United States Government reports, women are to be found in nearly 300, and therefore to try to train women in 300 trades simply by teaching them sewing and bookkeeping is making them more difficult. We also know in our various city halls that whatever stenographic positions are to be won, even through civil service, the women may stand first on the list, but they are displaced by the men simply because the men represent the enfranchised group.

Commissioner LENNON. Then how about the wages of the women that they are demanding?

Mrs. ROBINS. Thank you, Mr. Lennon, I am very glad you mentioned that. When women are taken, the reason they have been taken in such large measure is because they were taken as cheapening labor, and the struggle between the women and men in the labor movement has been very tragic because of that fact, that the men have recognized her coming into the labor world as an untrained group, utterly unknowing the conditions under which they are asked to work and underbidding continuously. And yet we are beginning to make the women understand that if they underbid themselves they are their worst competitor, because somehow or other she may marry that man and be asked to live on the wage she has cut down. So one of the things we have to do is to realize we have got to—I think I may say this—our women, I think, must stand more than the men as the group in the sweated industries. Now, we have to see that that sweated industry in which we find ourselves is absolutely abolished.

Of course, the abolition of home work, I suppose, is to be enacted nationally, or at least through every State, as far as we can make the people understand it. But this question of wage we feel can perhaps be thought out wisely by a creation of minimum-wage boards for women and for minors, not by the establishment of a flat rate (I am now speaking for the delegates of the National Women's Trades Union League), but by helping to establish minimum wage boards for every industry, and to get the collective thoughts of the men and women in the industry, the workers to select their representatives, the men of the firms to select, if they will, their own representatives, and let the public thrash out the difficulties and come to an understanding that the minimum wage can be established. It has been established in other countries and even in our country. It does not necessarily mean the breaking up of industries. We found in the Massachusetts investigation that in the candy industry there was a difference of 56 per cent in the wages paid for the same work in the same city with the same transportation facilities and all other industrial facilities which went to make up that particular manufacture. And the competition that the employer who wishes to be square with his girls has to meet when he meets an employer paying less than \$5 a week in the same industry is some of the unfair competition we believe the minimum wage board will eliminate altogether.

Commissioner WEINSTOCK. From your knowledge and experience how far do you think the fixing of a minimum wage by the State would tend to make that minimum a maximum?

Mrs. ROBINS. It is because of the fear of making the minimum a maximum wage that we do not wish a flat rate introduced. I have been speaking of Chicago because I am more familiar with conditions there than I am with conditions anywhere else. We would like a minimum for the box-making industry, but we would like to have it established in this way: We would like to have the workers meet with the manufacturers and thrash out the minimum wage. Then we would feel that that minimum wage could not be permanently established for all times. It must be a fluctuating minimum, and later on there ought to be the right to have another meeting at the request either of the workers or their employers for the establishment of another wage.

Commissioner WEINSTOCK. But ultimately it would mean that the wage would be fixed by the power and authority of the State?

Mrs. ROBINS. Yes.

Commissioner WEINSTOCK. Now, having been fixed by the power and authority of the State, how much danger is there of the minimum becoming the maximum?

Mrs. ROBINS. None at all, if the workers are franchised and if there is the power to recall the minimum-wage board.

There are many other things that I could go on and speak to you about.

Commissioner O'CONNELL. On this question of safety, in addition to the question of safety of life and limb, do you think there should also be attention paid to the physical safety and welfare of the employees?

Mrs. ROBINS. Surely.

Commissioner O'CONNELL. And that safety organizations, in addition to seeing that safety appliances are installed, should take into consideration the correcting of machines so as to preserve the health of the workers?

Mrs. ROBINS. Surely; and also I would look upon the shorter workday as one of the most important things connected with safety and sanitation. It is quite idle talk about safety and sanitation unless we have the eight-hour day, because we all know what results from fatigue caused by working excessive hours.

Commissioner WEINSTOCK. You remarked a little while ago that one of the underlying difficulties is the fact that women, especially, are not given opportunities to organize?

Mrs. ROBINS. Yes.

Commissioner WEINSTOCK. How would you remedy that? Of course you stand for unionism, for collective bargaining?

Mrs. ROBINS. Surely.

Commissioner WEINSTOCK. Would you have the State establish a preference for union workers, as it does in New Zealand, for example?

Mrs. ROBINS. I think I would leave it to the individual worker. Unless we study the industrial situation very intimately I do not think we can understand how continuously the powers that be are used to make union organization impossible. We girls in Chicago had a meeting at which Mrs. Joseph T. Bowen spoke, and the purpose of that meeting was to form a union for the bettering of conditions in department stores.

Commissioner O'CONNELL. Why not have the State say that it is not unlawful to organize?

Commissioner WEINSTOCK. Is there any State to-day that says it is unlawful to organize?

Mrs. ROBINS. Thousands of employers make their own laws to-day, and make it unlawful for the girls to organize by discharging them for organizing.

Commissioner WEINSTOCK. They do not make it unlawful to organize.

Commissioner O'CONNELL. The employer creates the law, makes a law unto himself.

Commissioner WEINSTOCK. He exercises his individual rights.

Mrs. ROBINS. Yes; and they are supported by the courts.

Commissioner BALLARD. I think Mrs. Robins has the floor. If we get into an argument here, we will never get out of it.

The CHAIRMAN. Yes; Mrs. Robins has the floor.

Mrs. ROBINS. What I was trying to say was that if we had a State law standing for the right to organize, then we ought to see to it that the courts guaranteed that right, so that we should not talk up in the air. We, as American people, are standing for self-government and all that. We know that we do not always live up to it, but still it stands as one of the fundamental principles of our American lives and thought. If we could make self-government one of the fundamental principles of industrial life, and if we could prevent the courts from usurping the power to deny the rights of the workers, I think we would get at one of the underlying causes of the existing conditions of unrest.

Commissioner WEINSTOCK. Speaking for myself, what you say is a revelation to me. I thought I was reasonably familiar with the labor laws of the country, at least as familiar as the average man, but this is the first time I have heard that it is made unlawful—unless I misunderstood you—that any State law says it is unlawful for men to organize or for women to organize.

Mrs. ROBINS. The whole power of the machinery of the courts and the police power of the State are used to make it impossible for the people to organize. The right is simply a paper right and has no vitality, and so it is worthless. By way of illustration, about 400 young women came to this department store meeting. They came from the department stores on State Street in Chicago, and among them was a young woman who had been working for 15 years. We did not form an organization that night. Mrs. Joseph T. Bowen, of Chicago, spoke. This particular young woman and many another were at once

dismissed. This particular young woman who had worked for 15 years was dismissed, and was blacklisted in every State Street store. What I mean is that if she could get her rights, if she had any chance of getting her rights, it would be so that that particular employer would be told that he was not within his own rights in doing those things, and then we would not have the continuous power of the employer used, by his refusing to employ people who join organizations, and we would not have the employers supported by the police powers and the courts.

Commissioner WEINSTOCK. Do you think the State could go as far as that? Do you think this board could recommend anything of that sort that would not be one-sided? For example, the worker under the law reserves to himself the right to leave the service of his employer for any reason or for no reason.

Mrs. ROBINS. Yes.

Commissioner WEINSTOCK. Now, should not the employer then have the right to retire any of his people for any reason or for no reason?

Mrs. ROBINS. That is begging the question, isn't it, because if we do not make it possible for men and women to do that which they think is right and which the law of the State tells them is right, if they can not act upon that right, then the right is invalid.

Commissioner WEINSTOCK. If I can compel my employer to retain me, he ought to be able to compel me to remain in his service, and if he can not compel me to remain in his service I do not see how I can compel him to keep me when he does not want me.

Mrs. ROBINS. You would not think an employer was acting within his rights, even though he might be acting within his power, to dismiss an employee because he was a Roman Catholic or a Mohammedan?

Commissioner WEINSTOCK. He would have a perfect right to do it.

Mrs. ROBINS. But you would not feel that he was living within his rights to dismiss people because they were members of a particular church? You would say there was something wrong in his doing that?

Commissioner WEINSTOCK. So long as the workers have the right to leave the service of an employer who is a Catholic, a Protestant, a Jew, or a Christian because he is one of those things the employer certainly has the right to dismiss an employee for the same reason, and I do not see how the law can compel him to do otherwise.

Commissioner BALLARD. If the employer does not care whether his employee is a Roman Catholic or an Episcopalean, a Methodist or a Baptist, why should the employer object to that girl becoming a member of a trade-union?

Mrs. ROBINS. Because the beginning is made for his having a self-governing group within his factory. This theory of industrial autocracy is still very much with us in our midst. Man after man will do everything under heaven for his workers except give them the right to decide certain questions for themselves. There is no getting away from that. All this so-called welfare work is but the expression of that. It says, "We will give you bread or we will give you roses, but we will give you nothing to say about it." We are going to have one tremendous volcanic eruption unless the workers are given that right, and that is one of the great underlying causes.

Commissioner BALLARD. Why do the employers refuse that?

Mrs. ROBINS. Some of them do it because they are living in the conditions of the past. I remember when I went in the box-making industry in New York City there was an employer who was employing no one except nonunion people, and he was employing not only nonunion people, but little girls, and he was asked to recognize the union. He said with a great deal of emphasis that neither his father nor his grandfather had recognized the union, and neither would he. I suggested that probably his son and his grandson would recognize the union, and why could he not be a leader in the family instead of a follower. I think there are a great many more who are living in the past.

It is not only in industry that men think they know better than other people. Our present political upheaval is due to the fact that certain men have thought it was their right to decide certain questions for others; and this democracy of industry is just a later development of political and religious democracy. We have got to have it.

Commissioner WEINSTOCK. Is it or is it not a fact that in certain States of the Union there is a law which makes it illegal to blacklist an employee?

Mrs. ROBINS. Yes.

Commissioner WEINSTOCK. That is, it does not make it illegal to dismiss an employee, but does make it illegal to blacklist him?

Mrs. ROBINS. Yes.

Commissioner WEINSTOCK. Is not that a protection to the worker?

Mrs. ROBINS. No; because if you do not have at your command the highest legal ability or great legal ability, you will be defeated in the courts?

Commissioner O'CONNELL. A case has never been sustained or proved.

Mrs. ROBINS. I think you are right about that. We had a case against the Illinois Manufacturers' Association, a case of the garment workers, and it was proved beyond a doubt that they were blacklisting their workers, but that was the end of the story.

Commissioner WEINSTOCK. I gather from your statement that in your opinion the remedy for industrial unrest would be to penalize the employer for dismissing a worker who tried to organize?

Mrs. ROBINS. We do not even need to go that far, if you will deny to the employer the right to use the courts and the police power to work out his theory. By way of illustration, in a glove factory in Chicago—I am speaking of Chicago because I know that better than I do other places; I do not think Chicago could be worse than other cities, but I know more about it—last summer there was a very small fight of men and women, a very few hundred people in the factories of Chicago, for the sake of having some chance of recognition of the union; that is, having some way of seeing that the laws were enforced, that the fire ordinances were enforced, and that wages were up to the necessities of the workers, so that they not only got their money on a piece of paper, but that they got it. The police power of the city of Chicago was immediately put at the disposal of those employers, and they denied the right of the workers to meet in an open field, and the man who at the present time is chief of police of the city of Chicago, Mr. Gleason, was at that time captain of that division of the police, and he forbade the workers to meet there and discuss their grievances in that open field. It was in the summer time. They met and there was a scrimmage, and people were arrested for disorderly conduct, and they had the whole power of the police and the judges and the courts against the workers.

Commissioner WEINSTOCK. The thing works both ways, because any number of employers in the city of San Francisco have charged that the courts and the police were utterly failing to protect their workers against strikers. There are grievances on both sides.

Mrs. ROBINS. It seems to me that the proof of the pudding is in the eating. The condition of the employers and the condition of the workers is the best proof of where the power lies to-day.

Commissioner WEINSTOCK. I think this commission would appreciate it very much if you could accurately point out how far you would have the law go, and how far you would have this commission go in recommending legislation along the lines indicated.

Mrs. ROBINS. I should be very glad to do that.

Commissioner WEINSTOCK. You may not be able to do it offhand.

Mrs. ROBINS. I will do it gladly.

Commissioner GARRETSON. Do not a number of States now make it an unlawful act for an employer to discharge an employee for joining the union?

Mrs. ROBINS. Certainly; and that is all we ask.

Commissioner GARRETSON. Has not the Congress of the United States itself passed at least one such act?

Commissioner WEINSTOCK. If that is the case then what—

Commissioner GARRETSON. You might ask what was the fate of that act, what the lower court did to it.

The CHAIRMAN. Mrs. Robins, have you any thought at the present time, or would you be willing to think out some plans by which you could submit to us what you believe to be an idea that will bring some constructive work out of this thing?

Mrs. ROBINS. Very gladly.

The CHAIRMAN. You have thought it all over, and have knowledge of the laws already in existence. What would you say this commission could do now as a body to remedy the conditions which you say exist?

Mrs. ROBINS. Of course one of the reasons for the difficulties with some of our laws that are on the statute books is that public opinion, as expressed by the powers that be, is not backing them up at all. I should think one of the most important functions of this commission would be to express themselves distinctly on these vital questions, so that they would give force to public opinion back of these matters. If it could be generally admitted as a law in

every State that no employer has the right to dismiss any man or woman for joining a union, and not only have that law on paper, but see that it means something of vital significance in the lives of the workers, I would think that would be a very important thing to do, and I should think it would be very important for this commission to find out how far-reaching is the action of the courts in all the time usurping power for harassing the workers.

The CHAIRMAN. Would you be willing to give us an outline of anything that suggests itself to you as fundamental and constructive in the way of laws, and also the most direct method of ascertaining the duties of the courts in administering the law in industrial disputes?

Mrs. ROBINS. Shall I give it in writing?

The CHAIRMAN. We would prefer that you would do it in writing, and address it to Mr. W. J. Lauck.

Commissioner O'CONNELL. Is it not the purpose of this commission to reach into the causes of the great industrial unrest, the causes of the great industrial disturbances—not some little evil, but the great things that have caused millions of people to suffer?

Mrs. ROBINS. I never can forget Westmoreland, and we have had it repeated in West Virginia, and now we are having it repeated in Michigan. It seems impossible, and we must not hesitate to try to find out where we are at, with these tremendous volcanic eruptions occurring on every side.

The CHAIRMAN. We will have the secretary write out the request that I made of you, so that you might have it.

Mrs. ROBINS. Yes.

Commissioner BALLARD. If a manufacturer's plant becomes organized and his employees join a trades-union and all of his employees are members of the American Federation of Labor, would you consider it fair on the part of his workmen or fair on the part of the American Federation of Labor, if they had a quarrel with some other concern, perhaps a hundred miles away or 10 miles away, and if this man's plant should be closed, simply in order to hurt the other people?

Mrs. ROBINS. You mean the sympathetic strike?

Commissioner BALLARD. Yes.

Mrs. ROBINS. I think the sympathetic strike is one of the greatest weapons in the hands of the laboring people.

Commissioner BALLARD. Of course it is, but is it right?

Commissioner WEINSTOCK. Would you think it morally right for a union to go on a sympathetic strike when it was working under a contract with an employer? In other words, would you think it morally right for the union to violate its contract in order to go out on a sympathetic strike?

Mrs. ROBINS. I do not like breaking contracts, but sometimes you have got to break them.

Commissioner WEINSTOCK. You justify the breaking of contracts, do you?

Mrs. ROBINS. That depends upon conditions.

Commissioner O'CONNELL. That is not justified by organized labor.

Mrs. ROBINS. No. Organized labor does not justify sympathetic strikes, but I was speaking from my own individual idea. We do know that the business of our lawyers is the breaking of contracts, because conditions have changed and because of the necessity to break contracts between people.

Commissioner BALLARD. Do you not think that the Chicago department stores were afraid to have unions organized among their employees, not because of objections to the unions but because they feared that they might find themselves closed up with a sympathetic strike in their busy season?

Mrs. ROBINS. No; I do not think it was the fear of a sympathetic strike. I think it was the fear of having some of the conditions in the department stores made public by people who could speak without losing their jobs.

Commissioner WEINSTOCK. May I ask, if it is permissible to ask, what branch of organized labor you are affiliated with, or what branch of organized labor you represent?

Mrs. ROBINS. I do not represent any particular branch. I have the honor of being the president of the National Women's Trade Union League.

Commissioner WEINSTOCK. Is that affiliated with the American Federation of Labor?

Mrs. ROBINS. No, sir; we can not be affiliated with the American Federation of Labor for this reason: We represent in our membership men and women who are unionists, men and women who believe in the principle of trades-unionism, and yet who are not trade workers. The constitution of the American Federa-

tion of Labor does not make it possible for us to be affiliated as an organization with the American Federation of Labor, but every one of the unions belonging to the National Women's Trade Union League is affiliated with the American Federation of Labor.

Commissioner WEINSTOCK. You are speaking for your association then?

Mrs. ROBINS. Yes, sir; for the National Women's Trade Union League.

Commissioner WEINSTOCK. Of course, we all know that organized labor is represented by three federations or three elements—the American Federation of Labor; the Socialists, pure and simple; and the I. W. W.

Commissioner LENNON. You do not mention Mr. Garretson's organization.

Mrs. ROBINS. You forget Mr. Garretson's organization.

Commissioner BALLARD. I suppose he thinks that Mr. Garretson can speak for himself.

Commissioner WEINSTOCK. I know that Mr. Garretson does not represent the I. W. W.

Mrs. ROBINS. Oh, no.

Commissioner WEINSTOCK. With which branch is your organization affiliated?

Mrs. ROBINS. Our constitution makes it imperative that we affiliate with only those unions that are affiliated with the American Federation of Labor, either directly or through the international union.

Commissioner GARRETSON. On this question of breaking contracts I want to ask you one question, and I want to preface that question with a certain statement—that in the 40 years of the existence of the organization of which I am a member it has never broken a contract. But what I want to ask is this: Is it not true that the court itself will cancel a contract or forbid the making of a contract that is against public policy?

Mrs. ROBINS. Yes.

Commissioner GARRETSON. And has not the court of conscience as much right as the court of law?

Mrs. ROBINS. I would like to have it definitely understood that I am not speaking for anybody but myself when I say that I for one believe there are times when the breaking of a contract is the lesser wrong, and I do think we ought to recognize that; but I would also like to say that at the present time all the unions with which I have had any dealings, even in any of the great fights, have stood for no breaking of contracts, nor has there been any such record in our history.

Commissioner O'CONNELL. In order to straighten out this idea of the sympathetic strike, if the women of one of the organizations affiliated with your organization were on a strike against a reduction of 25 cents a day in their wages, and they were making dresses, and that employer took those dresses over to Clark Street to be made in another factory by employees in that factory, would you consider it justifiable for them to refuse to work?

Mrs. ROBINS. Surely. Now, if there are no other questions—

Commissioner BALLARD. Suppose they have a strike on the Illinois Central Railway, and they refused to allow a man to ship freight over the L. & N., would that be a justifiable sympathetic strike?

Mrs. ROBINS. I will let the Brotherhood speak for itself.

Commissioner GARRETSON. If you will convince us that the L. & N. is getting the money, we will let it go; but the L. & N. can not haul and the Illinois Central get the money.

Commissioner BALLARD. That proposition is a technical point of railroading.

Commissioner GARRETSON. It is not technical but financial.

Commissioner DELANO. Nobody ever heard of it until you suggested it.

Commissioner LENNON. If the Monon got it, it would be all right.

Mrs. ROBINS. We feel the need of organization very keenly, because we feel that charging individuals with a responsibility is the only way of obtaining our rights. If we have industrial conditions that simply demand that a girl be an attachment to a machine, that means the turning of that girl into a machine, and no civilization can possibly rest upon men and women who are machines instead of men and women. Now, we stand for self-government in our American population, and we ought to stand for self-government in the workshop, and we see the necessity for it upon every hand. This need for self-protection is a very imminent need of working women. It is not a matter of small concern, but it is a concern that touches us immensely and deeply. To show you how vitally it touches us, quite aside from protecting our work and our wages, and sanitary appliances and safety appliances, let me tell you this story. In Newark in one of the hat-trimming factories, where the labor was

unorganized, there was a young Polish girl who had not been in this country very long and she was insulted by one of the foremen. She resented the insult and the man said he would dismiss her. She was so startled and amazed at the idea that the right of dismissal was in the hands of the man who had insulted her womanhood that she sat down and wrote a letter to the employer, put on a special-delivery stamp, and mailed the letter. Of course we do not know positively that the letter reached her employer, but we do know that the girl was dismissed, that for two weeks she was looking for work, a stranger in a strange city, and by accident she was found by some of my sister's friends and given work. For the last two days she had been living on coffee and rolls. I think that was putting it up pretty stiff to a working woman or anybody else.

Now, in the same city, in an organized factory, there was also a foreman who insulted one of the girls, and that girl resented the insult. Again the foreman tried to dismiss her. She spoke in very broken English, but she pulled out of her pocket her union card and showed the words which say that you must show just cause for dismissal. She was wondering what she could do, when a young English American girl demanded an apology of the foreman, who refused to give it. She called a shop meeting of 250 young women working in that factory, and asked them what they would do. They had a contract, but they all voted then and there to go on a strike until that man had apologized. Now, you know what happened. That foreman and that superintendent were not running that factory, and when the employer heard that there was a strike, they had to tell him that there was a fight on in his factory; he came down from one of his other places of business and asked for an explanation. He sent for Miss Scott, and he asked her, "Will your young women come back if this man apologizes?" She said "Certainly." A few hours later the young girls were all back at work. Then this employer in the presence of these young women demanded an apology from this man. He gave it and then the employer turned to this foreman and said, "I stand for no such action toward any woman in my employ."

The whole point is just this, that this one girl was able to reach the owner of that factory through the regulated and established machinery of the workers' own organization, through their own selected representatives. This whole question is so vital that we can not very well discuss academic questions in regard to it.

Commissioner WEINSTOCK. May I invite your opinion upon one other question that touches upon this whole matter?

Mrs. ROBINS. Yes.

Commissioner WEINSTOCK. This, of course, will be purely an opinion on your part. Do you think that industrial conditions in this country would be helped if the Australasian system was followed of having practically closed shops but open unions? For instance, in Australasia the State deals with these problems and, as a rule, the judgment of the industrial court is that the employer shall give the preference to unionists, provided, however, that the union is an open union; that only a trifling fee shall be charged for admission; and that only a trifling weekly fee shall be paid into the union; and unless the union is prepared to remain an open union, as it were, then the unionist is not given the preference. Now, do you think that system would apply in this country?

Mrs. ROBINS. Yes; I think it would be a very great advantage. I am not specially or deeply concerned with giving the State anything more to say upon these matters than to make it possible for men and women to bring about their own united action. I, of course, would like to have it made illegal for any employer to dismiss a man or a woman because they belong to an organization, and I want to see that more than an illegality on a piece of paper. I want to see their rights protected.

Commissioner WEINSTOCK. Of course I do not know whether you are aware of it, but many employers in this country take the ground that unionism is unreasonable because it demands not only a closed shop, but a closed union as well.

Mrs. ROBINS. I do not believe in putting up barriers, and that is recognized as being just as wrong within the labor group as it would be within any other group.

Commissioner O'CONNELL. Ninety per cent do not do so.

Mrs. ROBINS. Yes; practically 90 per cent do not. I also know that when we tried to organize a group of workers in Chicago the girls hesitated for a long time, because they said if it was known that they were joining the union they

would lose their jobs; and finally one young Russian girl got up and said, "We have had our fathers and our mothers willing to die for their religion. I do not see but we might be willing to die for our rights"; and my thought is that unless we do something we can not possibly expect to stop these volcanic eruptions that are going on around us.

The CHAIRMAN. One word, Mr. Price. Has the Wisconsin commission attempted to establish any standards for the conduct of industrial plants that would conserve the health of the employees, as suggested by Mr. O'Connell here and by Mrs. Robins, as to how a machine should be operated, the length of time a machine should be operated continuously, etc.? Have they done anything of that kind?

Mr. PRICE. It has not, Mr. Chairman; but it lies within the power of the industrial commission, and we have now in mind, if it is not actually on foot, the investigation of just that condition; and it lies easily within the power of the commission to act upon the results of that investigation. We can not only do that, but we can go into the plant and work out the moral well-being of the employees, too.

The CHAIRMAN. Just one other point—

Commissioner O'CONNELL. It is just as serious to break down a man's health as to take off his hand or arm.

Mr. PRICE. We have not made ourselves clear. When we say safety and sanitation, we mean everything that concerns the welfare of the man—mental, moral, and physical.

The CHAIRMAN. Mr. O'Connell, is there any agency that has made any sort of definite study of that question, that you know of?

Commissioner O'CONNELL. Of the physical safety?

The CHAIRMAN. Yes.

Commissioner O'CONNELL. I do not know it.

Mr. CAMERON. The laundry workers have made some study of that.

The CHAIRMAN. But there has been no general work done along that line by any public or private agency? We are leaving out safety now and are getting down to suggestions, as, for instance, the instance of the girl who has to raise her foot too high to operate the machine or do it too long every day.

Mr. CAMERON. I think if you had Mr. Taylor before you, of the efficiency-management bureau, you might get some line on it, because he is working along that line.

Commissioner O'CONNELL. I do not think Mr. Taylor ever figured a moment about saving anybody's life. I think he has figured entirely on getting rid of life.

Mrs. ROBINS. The health committee of the Woman's League of Chicago has started in with the idea of helping girls after they are broken down, and they are now making a special investigation of the causes which make for the breaking down of girls in the binders' trade industry; so some of the women's leagues are doing that at the present time.

The CHAIRMAN. Mr. John B. Andrews, secretary of the American Association for Labor Legislation, is here, and as his association is about to meet I would like to call him now.

STATEMENT OF MR. JOHN B. ANDREWS.

Mr. ANDREWS. Mr. Chairman and members of the commission, I am not a safety expert, but I want to say that the organization which I represent takes a little different view perhaps of the problem that is before this commission than has been presented by the speakers this forenoon or by Mrs. Robins in her talk this afternoon. We approach the problem from the standpoint of legislation, and our statement on the very subject which has been discussed so much here to-day is to this effect, that the business of factory inspection, of the enforcement of the labor laws, instead of being based upon fear, force, or favor should become a cooperative educational effort on the part of the employer and employees and the experts provided by the State.

In 1909 our association issued a pamphlet which attempted to give to the people of this country an analysis of the machinery then existing for the enforcement of labor laws. On the back of that pamphlet we printed this little motto: "Labor legislation for the most part fails in its purpose on account of defective administration. Administration is the great problem of the future."

Last week we issued an enlarged edition of that pamphlet, including many

observations that we had made during the four years, and we print the same motto on the back of this revised edition.

Of course, one of the greatest movements in the country to-day is to prevent accidents. I know what wonderful work is being done by many of the large corporations and by such organizations as have been referred to here to-day. But the suggestion that the work of this commission should be to publish a volume of standards for safety does not appeal to me, because we all know that because of changing industrial conditions standards fixed in that way and published very quickly get out of date. That brings me to the one point that I want to make before this commission, and that is if the commission after its sessions and after it goes out of existence has not solved many of these other problems which come up for discussion in the regular field, if it leaves behind it an efficient machinery, whether State or National, to look after this great problem from the standpoint of the employer and the employee and the State, it will have done the greatest permanent thing that I believe it can do.

Now, shortly after issuing that little pamphlet in 1909 we made some study of the system that existed in England and of the system that existed in Massachusetts—the board of boiler inspectors—which was a little in advance of the establishment of the principle working now so well in Wisconsin; and we recommended in Massachusetts to a State commission studying the problem as you are studying it now a different form of organization for these State bureaus. Massachusetts is beginning on that work now and is reorganizing. Wisconsin during the same year took the same steps. During the present year five States have followed with a somewhat similar plan. To-day almost one-half of the industrial workers of this country are under the protection of this new form of machinery.

In this little plan that we have revised and brought out we attempt to show as well as we can the plan which seems to be working, and this chart is comprehensive and covers this labor field and shows the outlines for the machinery that we think is probably the one which is going to be followed all through the country in time. In addition to that we have prepared for our thousands of members throughout the country, who are represented in every State in the Union, a colored map which shows graphically just what is being done in these States as they build up the machinery at the present time. We are putting this out before our membership and before the public as the strongest kind of an indirect suggestion that we can make, and we are following it up with very direct work in the field.

On Christmas Day, for instance, we mailed to one of the States the first tentative draft of a bill for reorganization of these departments in that State. This work is going on. It is just as important as any other phase of the development in this field.

What I want to say in conclusion is this: That I believed that after this commission has studied and gone out of existence we are still going to have the labor problem, and that even if you do investigate present happenings in the labor world, like that at Calumet, we will probably have repetitions of those disturbances. This, however, provides something that you can not now provide in your existing organization. It provides the permanent machinery before which the people can come and work out in an intelligent, scientific way through advisory committees and through the State machinery the solutions of their problems. I thank you.

THE CHAIRMAN. We are going to adjourn now for about five minutes and will reconvene immediately thereafter and will hear Mr. Herbert Quick.

(Whereupon, a short intermission was taken, at the conclusion of which the chairman called the commission to order.)

THE CHAIRMAN. Mr. Quick.

STATEMENT OF MR. HERBERT QUICK.

MR. QUICK. Mr. Chairman and members of the commission and ladies and gentlemen, when I was asked by the chairman of this commission to appear and talk about agricultural labor conditions, I felt very diffident about agreeing to come; and since I have been listening to the proceedings here and have noted the questions that members of the commission have addressed to people who have appeared, my original diffidence has gradually been transformed into something like panic. I trust that no member of the commission will call upon me to tell just exactly what I think this commission ought to do with reference to the conditions of agricultural labor. And I will say now in anticipation of

the repetition of the suggestion of one member of the commission, that this commission can do nothing except recommend legislation, that if that is all you can do, I have very little to suggest with reference to agricultural labor. I do not believe, however, that the commission, after entering into their great and important labors, will find that their duties end and feel that their work will be entirely confined to the matter of recommending legislation. I think they will discover that there are some fields of the industrial life of this country that they will find themselves able to examine, analyze, describe, map out, and place before the people of the country in such a way that it will at least be recognized that there is a problem, whether there is any solution presented or not.

The agricultural industrial conditions are very difficult of approach. The subject comprises the largest body of unorganized laborers and unorganized employers dealing with the most important single problem in the life of the country. There are about 5,000,000 agricultural laborers in the United States, I believe, hired laborers. Their relations to the production of the country, their function in feeding and clothing the people of the United States and of the world, is tremendously important. They have no organization. We have no such things as these volcanic disturbances which the last speaker upon this floor described to you in this great group of laborers. It would be vastly more fortunate for us, I am persuaded, if we did have. The hopelessness or the difficulty at least—I will not say hopelessness—lies in the fact that there is no such community of thought, no such union of action on their part as to lead to any disturbance of any kind anywhere. And we have this great sodden mass, very largely of casual labor, scattered all over the country, and we are asked now to take up the question of looking into the matter and seeing whether there are any things with reference to this great body of labor which this commission can properly concern itself with. It is not even a question of one class of laborers. We have in the South one class of industrial conditions; we have even in the South decidedly different conditions in Texas from those that prevail in Virginia; we have the casual labor conditions of the great wheat State; we have the chronic scarcity of farm labor in the Middle West; we have the alternations between city employment and country employment, through which the problem of farm labor touches, and touches strongly, the whole question of labor in cities.

I was reading the other day a speech made by the chancellor of the British exchequer in opening the great land campaign in England, and in the course of his remarks he made the statement that a survey of the various industries of England and of Great Britain showed that the labor conditions in literally hundreds of occupations were profoundly affected by the conditions of agricultural labor. In other words, the interchange of laborers from ordinary city wage-earning occupations to rural occupations and the interrelations between the great fundamental industry of agriculture and the manufacturing and public utility interests are such that the consideration of agricultural labor in Great Britain is regarded as an essential part of the examination of the whole field of British labor.

Anything that I might say or that anybody else might say with reference to agricultural labor would be, in very large measure, inapplicable to agricultural labor in California. Anything that might be said about agricultural labor in California would need a great many modifications if it were applied to agricultural labor in Alabama. Nevertheless there are some fundamental principles, fundamental conditions, running through the whole matter of farm labor, which are at least of very widespread application, and it is with reference to these that I am going to talk to you a little while.

The problem is still further complicated by these facts: First, the employer of labor in agriculture is, to a very large extent, himself a laborer. The employer works alongside his man; he does the same kind of work that his man does. On thousands of American farms the agricultural laborer actually reaps more clear cash from his labor than his employer gets from his. The thing is further complicated by the enormous increase in tenant farming in the United States. I was born on a farm in the Middle West and worked upon the farm until I was 20 or 25 years old, and I am able to understand and perhaps to recall to the minds of most of you who know of probably the same fact some of the changes which have taken place in the last 25 or 35 or 40 years in rural conditions in the United States.

When I was a boy the farm hands of the neighborhood in which I lived—and it was true practically all over the United States—were recruited from the boys

of the owners of farms in that neighborhood. The owner of 160 acres of land who had a family of four or five or three or four boys would allow these young men to hire out to the neighbors, and the farm hand of that day was a member of the local community, a thoroughly prominent member of society, if he had the ability to make himself such; associated on terms of perfect equality with his employer and with his employer's sons and daughters and entered upon the business of a farm laborer—a field hand—for the express purpose of earning money enough so that he might buy a farm and become a farmer on his own account. That ambition was one which any young man might very easily and very hopefully harbor.

To-day the situation has changed to an enormous extent, and is changing with an accelerated rapidity. To-day the farm hand of the United States is in most cases a casual laborer. He goes from farm to farm seeking such labor as he can do. He is ordinarily a man who has lost hope; he is a bit of human wreckage; he has no idea of ever owning a farm or anything else, except the clothes upon his back; he is in Texas to-day, in Kansas next month, in Minnesota a short time afterwards; he starts at the Gulf and he follows the harvest fields until they end on the prairies of Saskatchewan; and then he drifts back to Chicago or some of the other large cities, accumulates disease, habits of dissipation, and gradually loses even the self-respect which causes him to work, becomes a tramp, and, at last, what becomes of him? That is a subject, gentlemen, for you to consider. I do not know what does become of the tramp finally. You know we hardly ever find a dead bird or a dead wild animal of any kind; somehow, when the time comes for them to die, they just disappear. Well, it is just about the same way with this human wreckage which drifts around across the country and to a very large extent mans the farms of the United States. In some mysterious way they disappear. They die, just how, just where, we do not know. Suicide, death under the trucks of the railroad train, in one way or another; murder, assassination. They amount to nothing in society, they have no ties anywhere, and they go, and nobody cares anything about it, and nobody knows anything about it. This is the laborer, in very large measure, whose relations in the United States this commission if it investigates the agricultural relations must consider.

Now, the field hands—the casual labor, the local labor—because there is some localized and residence agricultural labor in most neighborhoods, is only part of the problem, and if you confine your investigations purely to the question of wage earners you will have hardly reached into the heart of the question.

In the State of Illinois 53 per cent of the farms are tilled by tenants, so that only 47 farms out of 100 are under the control of their owners. Of those 47 men out of 100, they hire from 1 to 3 or 5 men upon their farm, so that the number of actual farmers—actual men resident upon farms who own their own farms—is reduced to a very small percentage of the actual hands engaged upon farms. The other 53 per cent of the farms are operated by tenant farmers. These tenant farmers in the main are under leases which terminate from year to year, so that 53 per cent of farm families in the State of Illinois—and it is only a little bit better in the surrounding States, I think it is 37 per cent in Nebraska, and there are some States, I presume, that are worse in this respect than Illinois—53 per cent of the farm families in the State of Illinois are homeless on the 1st of every March. These men who are engaged in tenant farming, some of them, are prosperous, but, in the main, if you will talk with anybody who understands anything about a rational, scientific, and humane system of farm tenantry, will laugh at the idea of a man making money on a farm, or making anything except a mere existence on the farm which he holds merely from year to year. Considered in one way, the American system of farm tenancy is the system which tends to rob from 25 to 50 per cent of the families upon the farms of anything better than they are now engaged in; and considered from the standpoint of the conservation of our fundamental resources, the American farm leases constitute a criminal conspiracy between the owner of the farm and the tenant on it to rob the farm of everything which can make it useful to posterity. These tenant farmers are not, technically speaking, wage earners. They hire wage earners to do the work which they can not do. And it is this class, in the main, who make less out of their farms than the farm laborers do whom they hire, considering the number of days' work they put in.

The lowest-paid class of laborers in the United States, I think, gentlemen, all things considered, are the tenant farmers of the United States. I do not believe that the sweatshop industry of the country can show as low a scale of remuneration as is shown, in the final analysis when you work out the actual number of

men, women, and children, upon the average tenant's farm in the United States. This is a labor question, an industrial question, which is perfectly enormous in its importance and very crucial in its import to the United States; very determinative of the production of our fields; very closely related to the question of the feeding of our increasing population.

Farm laborers are unorganized; farm tenants are unorganized; employers are unorganized in the agricultural field. This lack of organization on all sides is one of the things which I think this commission should study. The fact that in one State there may exist a plethora of labor and that in another State there may exist a scarcity of labor, and that there are now in existence no agencies of any consequence for directing labor, for intelligently distributing it, for advertising the fact of farm opportunities, for protecting the people who seek farm opportunities from the exploitations of unscrupulous people who are always advertising farm opportunities, is a matter which, it seems to me, this commission could very well consider.

In the main, as I see it, the change which has taken place in the last 40 years in American farm labor, is the result of the pressure of population, and the consequent increase in the price of farm lands. The farm upon which I was born a little over 50 years ago was at that time worth \$4 or \$5 an acre. It is now worth \$250 an acre. The price of land in the Middle West has risen, until there are very few portions of the agricultural world where land is so high. I believe that the average price of farm land in Iowa is considerably higher than it is in England. I think that in order to find farm land higher in price than that of Iowa, Illinois, Indiana, and some of our richer States, you will have to go to Holland, Belgium, and some parts of France and Germany. The condition is getting worse instead of better. It may seem rather surprising that I stand here speaking of the high price of farm land as an evil. Ordinarily, writers on economics are constantly referring to the increase in the price of land as an evidence of the prosperity of the community in which it occurs. There is no doubt that it is, to a large extent, a reflection of the ability to produce, of the community; but no one, I think, can examine the subject carefully without coming to the conclusion that farming as an occupation, is enormously prejudiced by the rapid increase in the price of farm lands; and this price in the last 10 years has increased on an average all over the United States to an extent equal to from 50 to 300 per cent, an increase in the price of land absolutely unprecedented. I think, in the history of any country in any age. This is an industrial problem of the gravest importance. It brings industrial disturbance and brings the necessity for industrial readjustments of a character that are basic and of tremendous importance.

Three or four years ago in my study of farming conditions—and this is a digression, ladies and gentlemen—I became impressed with the necessity of farm statistics, the great lack of accurate information as to what pays and what does not pay on farms. We are always talking to the farmer and telling him he ought to keep accounts. In the course of some years of examination I found he could not keep accounts, and no one of us could keep accounts, if we were on farms. Nobody can keep account on the farm if he is going to do anything else. It is a tremendously complicated problem. So with all the enthusiasm of faulty information, I started out to cure this evil, and so I made up my mind I would organize cooperative organizations for the purpose of keeping account. It was a perfectly fine scheme, to get the members of a farmers' club to agree that they would have a man who would keep their accounts and keep accurate statistics, so that every man would know just what every week's operation paid on his farm, exactly as Mr. Delano knows what the operation on his railroad pays.

So I went up to a little town in Wisconsin and made a speech and impressed those farmers to such an extent that they said they would like to go into it. I said all right, it will be good copy for me, and I will pay a part of this thing, and we will get the University of Wisconsin to delegate a man to do the other part, and you can pay part of it, and we will have a man who will act as statistician and accountant for the whole neighborhood; and they said all right, we will do it. I went down to the university and went to see the agricultural accountant and said, "I want you to get me up a system of statistics so we can absolutely figure out the profits of farming." He put me off from day to day and from week to week and from month to month, and said he would do it, and finally he said, "Look here, I can not give you any such system as that." I asked "Why"? He said "I don't know how." I said "I

will go to Spillman down here at Washington and he will give me a system." He said "I had something to do with getting up Spillman's system. It isn't any good."

I said, "Where is there a system that we can use?" And he said, "Nobody knows anything about it." I said, "We have been roasting the farmer for years because he has not kept accounts, and you agricultural economists do not know how to do it; how do you expect the farmer to do it?" He said, "Nobody knows how to do it." I replied, "I think we will figure out a scheme in a year or two." But he said: "The big problem is this: If Wisconsin land is selling for \$125 an acre, we will say, and it rents for \$3 a year, on a basis of a 20-year purchase, that land is economically worth \$60 an acre, but it will sell in the market for \$125. What are you going to do with the difference between \$60, the economic value, and \$125, which is the actual selling value of it? Are you going to charge that up against farming? If you do, it is unfair to the farm."

Commissioner BALLARD. Charge it to experience is what I do.

Mr. QUICK. Well, if you are going into the matter on this commission, you will have a great deal more than you can charge up to a superior. The fact of the matter is that the difference between the \$60 and the \$125 is an account which ought to be charged to land speculation, and it is that difference between \$60 and \$125 which is gradually dividing the rural population of the United States into an aristocracy on one hand owning property too valuable for the laboring man ever to acquire and a peasantry, the most miserable peasantry in the world, engaged in the work of doing the labor, and furnishing this agricultural labor which you are going to investigate upon these farms.

To-day farm land is going through the process which a handful of diamonds would go through, if you were to scatter a handful of diamonds about, and they were picked up by the people on the street. It might be said anybody has got just as good a chance to get a diamond as anybody else.

Commissioner GARRETSON. Do not look at me when you say that.

Mr. QUICK. I will try to refrain from it. But before those diamonds had been in the hands of the people who scrambled for them and picked them up, before the episode had been a month old, who would have the diamonds? The people who picked them up? No; the people who could afford to have diamonds would have them. And to-day if you would parcel out the lands of the United States, of the State of Iowa, for instance, where Mr. Garretson and myself were both born, if you would parcel out the lands of the United States into the hands of the poor people of the country, they would gradually gravitate into the hands of the people who can afford to hold an investment of \$125 that will only pay interest on \$60. That is the thing which is putting the lands of the country into the hands of the few and separating the poor from these lands.

Commissioner O'CONNELL. How about the common ownership?

Mr. QUICK. The common ownership of land is not recognized in this country. Of course, you do not mean common ownership. You mean probably the assertion by the community of that right to land which belongs strictly to the community. I might talk upon that and be very glad to. I think that is a question which will eventually have to be faced, namely, that the selling price of land, exclusive of improvements, is in no sense of the word the rightful property of any man, but belongs fundamentally to the community which produces it, and must be returned to the community which produces it, and when that is done this enormous selling price of land will be gone, and it will once more be within the power of the man who labors to get land upon which to labor.

When I was asked to appear before this commission, I wrote to two men asking what, in their opinion, ought to be done by this commission in the matter of agricultural labor. One man to whom I wrote was born upon a Wisconsin farm some 37 years ago, and grew up on a farm, and never did anything except the work of a field hand until about a year ago, when his ability as a writer was recognized, and he was suddenly lifted out of this farm, upon which he never had earned more than \$250 or \$300 a year as a field hand, and removed to one of the largest cities of the country and placed in an editorial position, where he is now making good as an editor. I wrote to him and told him I wished he would give me from his experience as a farm hand something of his views as to what this commission ought to do in the matter of agricultural labor. With the permission of the commission, I will read his letter. It is not very long.

This young man's name is William Johnson and he is assistant editor of the Farm Magazine, of Omaha, Nebr. He says:

"I confess to a good deal of scepticism as to the ability of any commission to cure existing difficulties. All the trouble arises from things that are largely fundamental."

I will state that this boy never had any schooling except that of the ordinary common school, and I regard his method of putting things as a fairly good refutation of some things that I myself am going to say about rural schools. He continues:

"What Prof. Laumann calls the insurmountable 'individualism' of the farmer plays a big part in the situation. And you can't cure that unless you make farming something radically different from what it is now—different from what in the very nature of things it must be.

"The farmer is more independent now than he has ever been, and he knows it, subconsciously at least. He reflects it in his actions. Machinery multiplies the result of his efforts. He can till more land, and it doesn't make as much difference if a hired man quits now as it did in the days of the cradle or reaper.

"His very ability to till more land grows into land hunger. This means larger farms, busier owners, and more 'individualism.'

"It all works out to produce on the part of the farmer a feeling of square aloofness."

It seems to me that in that sentence speaks the farmhand's realization of this growing social chasm between the farmhand who used to be the equal of the man he worked for and very frequently was the son of a richer man than the man he worked for and the present farmhand.

"He's independent of any set wage. A good year or a bad year, he still lives. It's being borne in on him that he is the most vital unit of society. He always has believed this, and now that the whole world is telling him so he has reached a mental secureness as to the verity of his position which makes him intellectually chesty." This does not tend to make him democratic in his ideals. The hired man naturally assumes much of the same status in his intellectual and economic scheme as his land, his machinery, or his live stock.

"As an inevitable result of this sort of thinking, into which the farmer has subconsciously grown, the hired man is made to feel that he is a part of the farm equipment rather than a part of the human element in the scheme.

"There are other reasons for this attitude on the part of the farmer. It is claimed with some justice that the character of hired help has materially changed in the last few years. This is true. But the farmer doesn't realize that his help has changed as he has changed. As the farmer has grown to be more of a master of his situation, the help has necessarily grown to be more of a servant."

In that sentence is found the old American idea of the difference between a hired man and a servant. I know when I was a boy a good Pennsylvania Dutch girl was asked by the village doctor, who came from from the East, if she would not come and help at his house, that his wife was ill, and that he had nobody to help in the house, and for Heaven's sake would she not come up and help. She was a magnificent cook, and she said, Why, yes, that she would go. She went up, and in the morning she got them a magnificent breakfast, set the table with a plate for herself, and sat down to breakfast with the rest of them. The daughter of the family said, "Mama, are we going to eat with the servant?" She said, "If I am good enough to get your breakfast for you, I am good enough to eat it with you, and after I have washed the dishes you may take me home. I am not anybody's servant." She was help. She was not a servant, and this boy in this sentence refers to one of the few relics of American independence that still continues to creep out in the remote districts.

Commissioner BALLARD. It is quite common and universal in Kentucky.

The CHAIRMAN. In the remote districts?

Commissioner COMMONS. In Kansas City.

Mr. QUICK. This letter continues:

"Those who are not of the stuff from which good servants are made have hunted other jobs. They have become land owners, renters, or have gone to the city. As a rule, one of two things is true of the man who works on the farm to-day. He lacks the initiative which makes of him a valuable helper, or he is in a tangle of circumstance that makes of him a hired man against his will.

And that tangle of circumstance isn't conducive to a free tendering of the best service.

"As long as the chance of owning a farm was open, there were plenty of good men willing to work on the farm until they could save enough to start. As this kind of opportunity grows less, this same class—the best help that any farmer ever had—grows less.

"If a man has ambition and energy, the qualities which makes him valuable, he isn't going to stay in a position that shows him nothing but an impassable barrier to anything better. It isn't human.

"I do not wish to be understood as saying that the farmer is harsh or autocratic. As a rule, I haven't found him so—assertively. It is a condition which is felt rather than expressed. The hired man sees his employer in a position of independence. This independence may not be as real as it seems, but everybody has told the farmer that he is the most independent man on earth until he has come to believe it, and the mentality of the average hired man is not bullet proof against this very contagious and flattering doctrine.

"Perhaps the forced convictions of his own narrow sphere, bounded by high-priced land, and an eight-months job on the farm, or the somewhat seductive view of the part played by a human atom in the city has given him a picture of the boss as being worse than he really is.

"Of course, you realize that long hours and the partial isolation of farm life have something to do with the scarcity of farm help. Man is a social animal—even though he be only a hired man. And a day's work overlong, together with an impoverished social life, turns a lot of men toward the town. Candidly, I don't think that this fundamental condition will be materially relieved by scolding about the deficiencies of the hired man.

"As to the conditions of sanitation and safety, these of course are no better for the hired man than for the boss. They are not the best in either case. But I think these two factors have little effect in either case. They are a part of the environment, and while they might influence a man who had come from the city to the farm, they are accepted with little criticism from those who have grown up under them.

"As I see it, the cure of the situation is more and better hired help in which the farmer can put more confidence and with which he can cooperate. This desirable condition can not be accomplished until some things are done differently. You can't get that kind of help until you provide the necessary conditions to attract them. That means a steady job, better wages, and being recognized as an equal. And for most men who will ever be worth anything in society, it means the hope of some day owning a farm.

"Going deeper this means, on the part of the farmer, diversified farming to provide work the year round; system to divide it into a fair day's work, and more profit to the farmer, so that he can pay bigger wages. Going still deeper and getting somewhere down to bedrock, it means that the average farm owner must get into this consciousness that he possesses a larger relation to society and a deeper obligation than that implied by the mere producing of food.

"In other words, until the farmer himself quits being a land hog and trying to corner his little part of the earth to the exclusion of other people, he won't be able to materially increase the hopefulness of the hired man or fill his soul to overflowing with holy and patriotic emotions. To those who have studied the land question, it isn't necessary to amplify this part of the theme.

"For the class who want to be home owners it means that some of the inflation must come out of land values so that a farm and the stars won't both look so equally out of reach. There is undoubtedly a large class of men who would make the best kind of help if fairly treated; in fact, I think there is a large percentage of men who are good for nothing else, and who, under sanely arranged conditions, would remain in this category quite to their own content and profit and contribute very largely to the stability of the rural communities. Given a steady job at fair wages, and provided with a house, garden, cow, and chickens, this type of man would be better off and would be a more valuable element, both in the social and in the producing scheme than he could ever hope to be as the owner of a farm. This may sound like rank heresy, but it is true.

"But the renter can't provide all of this; the average farmer won't, either because he is accursed with the somewhat doubtful blessing of acquisitiveness or because his natural sense of humanity has not been quickened. I am of the opinion that a lot of preaching which is being done at the hired man, and which usually fails to reach him at all, would be more profitably expended

in suggesting this idea to the fellow who hires the hired man. As I said, the renter can't provide these things, and the farmer is rapidly becoming a renter, either from choice or necessity. So there you face the other horn of the dilemma, and it's a doggone sharp one. What the solution of that is I haven't the slightest idea, and furthermore, I haven't the slightest doubt that every professor of agriculture in the United States could tell us all about it."

Commissioner BALLARD. Why do they adopt what seems to me to be an uneconomic system of renting farms only from year to year? In Kentucky they rent farms as a rule for a period of years, and a man has a feeling of stability, and he rotates crops to the best advantage of the farm and of himself, too.

Mr. QUICK. It is owing to the fact that the American landlord is ordinarily a very ignorant person. The Kentucky landlord is evidently a person of more intelligence.

Commissioner BALLARD. I did not know that the landlords were usually so shortsighted. It would certainly seem that where there is a gradual annual increase in farming land, the farmer would certainly want the land for a period. Seriously, in Kentucky the farmer will rent a tract of land and have the same farm for years, and he gets the increment which comes from the increase in his live stock and in his fowls and such things, and he gets a good deal more out of the farm than the crop that he appears to sell from it. The land is perhaps growing in value, and he gets that benefit, and eventually he can buy a piece of land and become a renter and an owner combined.

Mr. QUICK. I hope to get to that presently. I shall talk for a very long time yet.

Commissioner LENNON. We have an engagement for dinner very soon.

Mr. QUICK. That will have to be postponed, Mr. Lennon.

Commissioner WEINSTOCK. I should like to ask some questions in connection with this.

Mr. QUICK. Presently I will give you an opportunity. The other letter that I have here is from Prof. H. C. Taylor of the University of Wisconsin, one of the greatest agricultural economists in the United States. He says:

"I am very much interested to know that the commission is to consider the subject of farm labor, but I note that it is especially labor under the employment of corporations, so that it is not especially the agricultural-labor question. Nevertheless, there are about 5,000,000 agricultural laborers in the United States who should receive some attention. The length of the working day, the conditions under which the laborers live and work from the standpoint of health and safety should receive attention. The wages and the cost of living of farm laborers should be studied from the standpoint of the relative chances of saving from the income received by the farm laborer when compared with the city laborer. One of the big problems connected with the agricultural laborer is that of getting the right man in the position. The people interested in agriculture are so scattered that there is great difficulty in getting intelligence into the movement of farm labor from the place where it is to the place where it is most needed. One of the things of first importance is the establishment of agricultural-labor bureaus which will serve as clearing houses. A study of the problem from the standpoint of what can be effectively done in this line should certainly be taken up. We are hoping in this State in the course of the next year to establish a system of employment agencies which will serve as clearing houses for agricultural labor. It is not simply the agricultural laborer who receives wages but also the tenant farmers who can be greatly benefited by such a system.

"A system of this kind would go far toward stimulating better agriculture, for the reason that many an employer continues to tolerate inefficiency on the part of men who if they were in danger of being dropped would pick up and do very much better, and if a bureau were in reach which could provide another man the change would at least be threatened. But the other side of the proposition is equally important. Many a laborer stays with a farmer under conditions which are entirely unsatisfactory to him, receiving less money than he is worth simply because he is ignorant of other opportunities. I want to see a network of agricultural-labor agencies, which will bring it about that the efficient farmers who treat labor well and pay it well can secure the best laborers, and this I believe will force the farmers who are not inclined to treat labor well to act in a more intelligent and humane way toward their hired help. I believe this will improve the help and improve the conditions of farm labor.

"The farm-labor problem is different in the North from what it is in the South, and it is different in Massachusetts from what it is in the Red River Valley, and again on the Pacific coast. A study needs to be made then of the farm-labor problem in the various districts in order to get a basis of action. A study may well be made which will give a picture of the present status, the trend of affairs, and the needs of the agricultural laborers and their employers in the various parts of the United States. I should think that it is entirely feasible to undertake such an investigation in cooperation with the economists who are interested in such problems in the various States. I mention the question of the hours of labor. This should be studied from the standpoint of variation from season to season and from the standpoint of variety of employment."

I think that is a very important point that professor Taylor makes.

"The question, also, of the cost of learning agricultural skill, on the part of adults who are thinking of entering agriculture from the city, should be carefully studied."

You could do nothing better on this commission than to show to the people who are engaged in this back-to-the-land mania, that a man can not work on a farm merely because he has two hands and a pair of legs, but also needs brains and skill.

Commissioner O'CONNELL. He wants to have his head with him.

Commissioner BALLARD. He will find it out for himself very soon.

Mr. QUICK. Yes. He says:

"It being borne in mind that those boys who grow up on the farm learn this skill at a time when it costs nothing. It is incidental to growing up, but the city man going into the country has much to learn and at a considerable expense.

"Yours, very truly,

"H. C. TAYLOR."

I agree with everything Prof. Taylor says, and I believe that along tactical and superficial lines—it is quite fashionable to oppose superficial things, but while the professor understands fully the more fundamental principles or recommendations that he makes, and, of course, they are not superficial in the sense that the man who makes them is a superficial man, they are not intended to treat the disease itself, but are useful studies as to ameliorating conditions which can be ameliorated.

Now, a word or two more. Two or three or four weeks ago I published an article in my paper, Farm and Fireside, telling about the experiences of several people who wanted men, one in New Orleans, one near Harper's Ferry, and another one somewhere else, who wrote saying they would like to get people who were industrious, energetic, and skillful, and that they would be perfectly willing to furnish the land and everything else as against the labor of those people if they were given a chance. Here is the bundle of letters which I received within a week or two on the subject, from people all over the United States, saying "For heaven's sake let us know where these men live, so we can write to them." One man is a lockkeeper in Kentucky, getting \$50 a month, and he wants to get onto the land.

Commissioner BALLARD. He had better stay in his business.

Mr. QUICK. Another man is one of a group of mechanics, Norwegians or Swedes, the best men in the world for farming purposes. This group of people wish to move onto farms. I brought this bunch of letters down here because they are really very eloquent in the light they throw upon agricultural conditions. If the commission desires I will leave the bunch of letters here, or I will take them with me and hold them at the disposal of the commission, because I do not wish to lose title to them. The letters themselves are very much more important than copies of them would be, because they show what kind of people wrote them, they show you how they wrote and how they spelled and what the language is and their evident sincerity. Would the commission care to have them?

The CHAIRMAN. We will be glad to have them. And if you will turn them over to Mr. Lauck, we will take care of them and return them to you.

Commissioner O'CONNELL. You say there is no organization either among the farm owners or the farm laborers?

Mr. QUICK. There is the I. W. W.

Commissioner O'CONNELL. I do not mean that. That is no organization at all. What has become of the organization of which Mr. Barry is at the head?

Mr. QUICK. It is an organization of farmers. It is not an organization of farm laborers.

Commissioner O'CONNELL. You said there was no organization of farmers.

Mr. QUICK. It is not an organization with reference to this matter of labor. It is largely a propaganda organization.

Commissioner O'CONNELL. It is organized in the interest of the farmers.

Mr. QUICK. Yes. There are farm organizations, of course—the Grange and the Society of Equity and the Farmers' Union.

Commissioner O'CONNELL. Should not all these organizations be consulted on this question?

Mr. QUICK. I think so.

Commissioner O'CONNELL. They are large organizations, some of them represent as many as a hundred thousand people.

Mr. QUICK. That is very true. They are very excellent organizations. But I mean so far as the relations of labor and the employer are concerned there is no organization on that point, no organization that is comparable to the employers' organizations which exist.

Commissioner O'CONNELL. The commission might get the idea that there was no organization among the farmers. There is very great organization amongst the farmers.

Mr. QUICK. Considerable organization. Of course, the American farmers are the worst organized body of farmers in the world except, perhaps, some oriental farmers.

Commissioner WEINSTOCK. Before you conclude, I wish to say that those two letters which you have read represent an unusually high degree of intelligence. The letters speak for themselves. Aside from the suggestion made by the writer of the last letter about establishing clearing houses and employment agencies, if the commission had to depend upon the information contained in those letters it would be up in the air. It would not know what to do. Now, it is possible that this problem may be insoluble. We do not know. But as an authority on the subject, and one who doubtless has familiarized himself with conditions abroad, I should like to invite an expression of your opinion upon this as a possible remedy. Do you think that laws that deal with the problem in the way that Great Britain deals with it in Ireland can be applied to this country? For example, you pointed out that the condition of the tenants is almost helpless, and that the condition of farm labor is almost hopeless so far as becoming a farm owner is concerned. You say further that land is held at a very high valuation in certain States.

Mr. QUICK. Yes.

Commissioner WEINSTOCK. That it is held above its productive power. Would it be possible for the States, if not the Federal Government, to follow the British plan of condemning those lands at whatever valuation may be determined upon in accordance with law, or buying the land, issuing State bonds at a low rate of interest, or giving a bonus as they do in Great Britain to the Irish landowners, and then cutting up those lands into moderate parcels, enough to support a family, and selling the land to the farm tenants or farm laborers who are not absolutely penniless, but have some little money, selling them on the amortization plan, that is spreading the payment over, say, a minimum of 30 years, which would mean the payment of 1 per cent only on the principal annually, with a very low rate of interest, thus enabling these farm tenants and farm laborers to become actual farm owners, as they have become in Ireland, where over 300,000 tenants have been converted into 300,000 farm owners, making Ireland to-day one of the most prosperous countries in all Europe. Is that practicable here?

Mr. QUICK. Given the development of public opinion necessary, I should say yes. Of course, before we get to that point, I hope we will be able to do better than they do by that system. The housing problem in the country is very important. It is as important in this country as it is in England, and Lloyd George gave a great part of his speech at Bedford, in beginning the land campaign there, to the question of housing. The farm hand can not marry, can not support a family, has no place to live. A farmer will not ordinarily take two or three acres from his farm and put up a house there for his hired help. The housing problem in this country, so far as farm help is concerned, is a tremendously important problem. It is a problem the solution of which is absolutely essential to the farm labor question.

Then, there is the question of the security of leasehold tenures, on which one of the members of the commission has just spoken. I think you might well study that. I suggest that you study the question of housing for farm laborers, so that laborers may have families, and a few acres of land upon which they can grow chickens, and have a garden and perhaps support themselves.

I think perhaps you might well study the question of farm leases. It is a very important question. We ought to have leaseholds in this country and we ought to have laws that would require the landlord to give a good reason before he dismissed a tenant from his farm, whether or not the lease had expired, and when a man is disturbed in the possession of a farm, he ought to be paid every cent that he has in it in any kind of improvements, including fertility and the condition of the soil. The tenant who loses the farm, whether or not his lease has expired, should be paid every cent that he has put into it, so that the fertility of the land can be considered, and so that the tenant can reach the point which the European tenancy has reached, a condition in which the man who is a tenant upon a farm is expected to live there, and his children and grandchildren after him; until we have reached that point our fields are going to decrease constantly in fertility, and the production of our acres is going to become less and less. I can take you all over the country to lands that have not been under cultivation more than 30 years, upon which they never again will grow the crops that they grew originally.

That condition is not necessary. They could be restored to their pristine fertility by a few years only of good husbandry.

Our whole system of farm labor looks as though it had been devised by some diabolical malice for the ruin of our farms. That is a very important matter industrially.

And then I think this commission might well go into the question of the system of taxation, because after all the system of taxation is at the basis of this whole thing. These enormous land values which have accumulated do not belong in justice, in equity, in morals, in common sense, or in any other point of view, except in law, if you will permit me to express the opinion, to the people who own the farms. They are the creation of community activities. They are collective products. They ought to be taken in the form of taxation before we call upon people to pay out anything which they themselves have individually produced, for the support of the Government. If this commission could investigate the matter of the taxation of land values, which is the coming issue in England, New Zealand, Australia, Denmark, and Eastern Canada, and if the commission could propound to the country a method by which the water in these farm-land values could be squeezed out, so that this charge on a prime necessity of life should no longer continue, I think it would do the country a very great and eminent service.

Commissioner GARRETSON. A good union man is being dominated by single taxes.

Commissioner WEINSTOCK. Coming back to that suggestion, you say that in your opinion the Irish landlord system could be applied to this country provided you could create sufficient public sentiment to stand behind it. Is there any good reason why this commission should not endeavor to arouse public opinion along those lines?

Mr. QUICK. I see no reason why it should not. It seems to me that the commission, in dealing with rural conditions, can not avoid this land question in some form.

Commissioner WEINSTOCK. Touching upon the housing problem which you have spoken of in connection with farm hands, do you think that the French system would be applied here? The French system is substantially this: There is in France a great contributory pension fund that the workers and employers must contribute to. The Government takes that fund and loans it under State management at 2 per cent a year. Plans are prepared in the most scientific manner for the building of the homes of farm laborers. Every part of the building is standardized so that it can be manufactured in great quantity at the lowest possible cost. The supervision of the construction is by the State. The house is sold to the peasant on the amortization plan. He pays 1 per cent a year on the principal, with a graduated scale of interest, based on the number of his children, not less than 1½ and not over 2½ per cent; so that to-day the farm laborer in France pays less for a modern, scientifically constructed home than he formerly paid for his wretched, miserable hovel that led to a higher degree of mortality in the country than they had in the cities.

Mr. QUICK. We have in the United States a higher rate of mortality in the country than we have in cities.

Commissioner WEINSTOCK. Exactly. Would a plan like that be a wise one for this country to follow?

Mr. QUICK. I think it would probably be wise to investigate that system very carefully before recommending it to this country. I should hate to see a system of peasant proprietorship established in this country, of small holdings, not large enough to sustain a family on the American scale, surrounded by large estates. I am opposed to the Government entering actively into the real estate market and booming the prices of land still higher by any large scheme for purchase. I think that if the scheme of concentration of taxation upon land values is to be adopted in accordance with the social program in the way of better schools—I wish I could have had time to talk to you upon the subject of rural schools.

Commissioner LENNON. That is the most important point of the whole. I am a farmer myself.

Mr. QUICK. But that does not come under the subject I am talking about to-day. But if their social program were adopted that would absorb a sufficient amount of the ground rents of lands exclusive of improvements so as to penalize monopoly of land and reward the improvement of it, then in connection with the gradual reduction of the price of farm lands on account of the concentration that a gradual pressure of taxation in favor of improvements and against monopoly would lead to, then I think with that might go a system of establishing freehold estates large enough for the support of a family.

Commissioner O'CONNELL. You would tax the land and not the improvements?

Mr. QUICK. Yes.

Commissioner WEINSTOCK. The Government of France does not buy the land. It simply buys the mortgages on it.

Mr. QUICK. That is merely another way of accomplishing the same thing.

Commissioner WEINSTOCK. Yes. The mortgage is issued and the Government invests in the mortgage. It does not own the house.

Mr. QUICK. There ought to be some way in this country for people like many of those who have written these letters, people who have integrity, enthusiasm, desire, and skill, to be placed in the locations that are waiting for just such people, and there ought to be some way by which a man could realize on his honesty, integrity, and the ability of his hands. That is a very important thing.

Commissioner DELANO. What do you mean by the minimum size? What is your idea of the minimum size?

Mr. QUICK. Under average American conditions the small farm—you have got to take people as they are, and I do not believe our people in this country could make a living under ordinary conditions on farms the size of those that are farmed by the Hoosemen of Denmark. Of course, we could not do it on the size of the farms in China and Japan, where in some parts of China strictly agricultural lands maintain their population of 3,200 people per square mile. Now, somewhere above that, it depends upon the economic conditions, the markets, and everything of that kind in a particular location. In the sand hills of Nebraska, 2 square miles ought to go to every farmer, and that would make him a very good living. In the trucking districts of Florida 3 or 4 or 5 acres are enough. And there are the little landers around in southern California who are making a living on still smaller areas than that. But in the main I should be sorry to see lodged in the midst of large farms, small holdings which would be just big enough to anchor a man to the spot, not being big enough to furnish him a living and force his daughters and sons to become servants of the large estates with which he was surrounded. I hope not to see that condition in America. And that would probably be an improvement over the present condition, where men simply drift from farm to farm. They are hardly considered human beings.

Commissioner WEINSTOCK. Has that been brought about by virtue of the tremendous progress which has been made in agricultural labor-saving devices, so that the farmer no longer needs his laborers the year around—it has become a seasonal occupation?

Mr. QUICK. Mr. Johnson speaks in his letter about the necessity of diversifying his work so as to provide work for his laborers the year round. You are quite right in that.

Commissioner GARRETSON. One question for my information. What is the going rate for rental of land in Iowa now?

Mr. QUICK. I do not know. I have not made any investigation of that for some years.

Commissioner GARRETSON. I did not know but maybe you did know.

Mr. QUICK. I know one man in eastern Nebraska who claims to receive \$8 an acre.

Commissioner GARRETSON. Well, the going rate in the county I live in is about \$6, but I did not know what it was in the rest of the State.

Mr. QUICK. I suspect it is about the same. You see, the western part of the State now has become, if anything, richer than the eastern part agriculturally. I think probably you could take that as the going rate.

Commissioner GARRETSON. That is in the \$200 belt?

Mr. QUICK. Well, there is nothing else in Iowa but the \$200 belt.

Commissioner LENNON. In McLean County, Ill., now, there is some going for \$10, but I think it will average \$8.

Mr. QUICK. But, on the other hand, go to England and take a man who has a 200-acre farm. He pays £3, or \$15, a year rent. He dines upon silver plate, has a coterie of servants, and makes more money than the American farmer does, and he does it under the free competition of all the world; he sells his wool against free wool of Australia; he sells his beef against the free beef of Argentina and the United States; he has no protection of any kind in law, and the only reason why he can do it is, first, because he has a good soil, and, second, because conditions in England are such that the good farmer is sure of his farm from generation to generation. And if that were true in Iowa, in 40 years from now Iowa would produce twice what it produces now, and the men who were renting the lands, if we still continued to tolerate the system of private monopoly of land, would be getting from \$10 to \$15 per acre for their land if money continues to be worth what it is now, and the tenants on the land would be making fortunes and their leases would be worth fortunes, and down underneath them would be a lower peasantry.

Commissioner WEINSTOCK. Is it not unusual for a farmer or one representing farmers to be a single-taxer?

Mr. QUICK. Not very.

Commissioner WEINSTOCK. I thought the agriculturists were bitterly opposed to single tax.

Mr. QUICK. A very intelligent gentleman in Nebraska, Mr. Frank B. Odell, sent out a question to several thousand farmers in Nebraska asking them as to the rural conditions, how efficient they were, what per cent efficient are your schools, and so forth, and among others the taxation system. Ten per cent of the farmers who replied were openly in favor of the single tax; enough more so as to bring the amount up to 35 per cent answered in such a way as to indicate that their thoughts were running along the line of land-value taxation. So, of course, it is perfectly easy to show to a farmer of open mind that unless he is the owner of a large and largely unimproved farm he would be greatly the gainer by it. He would lose in the selling value of his farm, but as a producer, as a tool of production, he would be vastly better off in ordinary cases. In Clackamas County, Oreg., the land-value taxation assessment was made to show how it would work. It works almost automatically against the owner of large areas. The owner of 100 acres, we will say, would pay just about the same amount of taxes under the land-value taxation scheme as he does now. If he owns 200 acres he would pay very much more than he does now. If he owned 80, 60, or 20 acres, his taxes would be very much decreased on account of the very large proportion which would go to improvements. Of course, the tenant farmer would not pay anything in the way of taxation. I think while in the main the average farmer does think that the single tax is some scheme for extracting his farm from the surface of the earth like a decayed tooth, and leaving him in the bottom of the hole, that the number of farmers who see the fallacy of that is getting more and more all the time.

Commissioner O'CONNELL. Are we making any progress in the single-tax way, do you think? This is outside the regular debate.

Mr. QUICK. It seems to me, if I may be permitted to answer that question, that it is growing faster than anything else has ever grown in the way of fundamental reform. The influence of it is coming faster than we are able to take care of it.

The CHAIRMAN. We are very much obliged to you, Mr. Quick. Now, Mr. Charles W. Holman is here on this same subject, and I think perhaps we can hear him before we adjourn.

STATEMENT OF MR. CHARLES W. HOLMAN.

MR. HOLMAN. Mr. Chairman and members of the commission, it is very difficult to discuss any farm questions with any group of people, because everybody has either been a farmer, is a farmer now, or expects to be a farmer. For that reason there are so many different ideas that it is difficult to present the question. Mr. Quick has covered the general outline of this question, and I shall only devote a few minutes to discuss a few phases of the labor and capital relations that the farm movement has developed.

In the first place, the United States is one of the latest countries to come to a realization of the fact that, looked at from the point of view of labor organizations or of the labor movement, a land policy of a national and a State character must be adopted. As to what that land policy is remains to be found out.

There is another point in connection with this, and that is some of the fundamental changes which have been taking place in the organization of agriculture. Among these the two greatest are, first, the tendency toward the factory system of farming, which is spreading throughout the corn belt, which is gaining greatly throughout the cotton belt, and which is making big gains in the Pacific-coast regions, and which is also making some gains in the Atlantic-seaboard region. The second is the cooperative movement of marketing of farm products, which has developed into a series of business organizations and a series of organizations for the transformation of farm products before they reach the market, which will greatly change the aspect of farm labor in this country.

There is another element which we must consider in dealing with this problem, and that is that the same line of evolution has taken place in agriculture that is taking place in city industries, namely, the lines of demarcation of labor and capital. We have in this country 5,000,000 transient laborers, and we have also a great many more people represented in the landlord and tenant movement. In both the landlord and tenant problem and the wage-labor problem we have the growing recognition on the part of the laboring people of the fact that their interests are not in touch, from their point of view, with the employing types and the owning and renting classes. We have the constant feeling on the part of the farm laborers, as Mr. Quick's letters show, that he is an outcast. We have on the part of the tenant the same growing feeling that his interests lie with those of the laboring classes.

Now, there are lines of connection between the farm laborer, and by the farm laborer now I mean both the tenant and the wages laborer, and the wages laborer in the city. We are to-day confronted with an enormous problem—the surplus labor in our city—and, looking at it from our point of view, we should study this rural problem and ascertain whether we can find employment for our wages labor that is in the city, and if it develops that we can not find employment we should take some means to see if we can counteract the city-ward movement of the farm population. Through all of the southwestern country which I represent and through which I have lived for a number of years there is the same tendency on the part of the farm laborer to move to the city that you have throughout the Middle West. That, of course, complicates the problem in the city, which it is not necessary to discuss before this commission.

Another point I would like to bring up is this fact, that most of the people look at this agricultural problem as the problem of the individual farmer and individual laborer. That is changing very rapidly in this country, and we have constant aggregation of ownership on the part of a growing smaller class; we have the development of the bonanza farm, the 2,000-acre farm is very common in the South; we have the cotton problem down there; we have the changing of the landlord and tenant system going on to the system of operating these tenants as wages laborers; and we have those conflicting problems which come up and which must be solved.

Backing that up, you have the housing question which Mr. Quick has touched upon. I would hate to describe to you the tenants' homes and the farm laborers' homes which I have been in in the last five or six years while doing field work and investigating these particular problems.

Then with that tendency, which has taken place with the rising land values, you have the desire on the part of the landlords, in many cases, to sell their land. We have the immigration movement which is trying also to locate these farmers upon the lands. Now, the point that we wish to find out is whether these things can be done. We should also look into the question of a freehold

as against a leasehold, as against possibly the purchasing acts. There are some very interesting data that could be gathered and presented to the American people along that line. I think this commission should take some action in recommending whether there should be a national policy or a State policy in the way of legislation along this line. That is all I have to say.

Commissioner WEINSTOCK. I move that when we adjourn we adjourn to meet to-morrow morning at 9 o'clock.

The CHAIRMAN. There are several other gentlemen here; but, if it is the idea of the committee, I think perhaps it might be well to adjourn now until to-morrow at 9 o'clock. It is 6 o'clock, and we have had a long day.

Commissioner BALLARD. Before you adjourn, I would like to ask the Wisconsin gentlemen one question which can be answered "yes" or "no," and as they are not to be with us to-morrow, perhaps, Mr. Beck can answer it. Mr. Cameron showed us a picture of an employee, in some factory, who had been cautioned to wear glasses, for two years he had refused to do so, and subsequently his eyes were put out because he refused to wear glasses—

Commissioner GARRETSON. I do not think any of those gentlemen are here, Mr. Ballard.

Commissioner BALLARD. Perhaps Mr. Commons can answer the question. I will ask it some other time, however. I wanted to know whether the man is getting insurance under your State law, as if it had not been his fault.

Commissioner LENNON. Yes.

Commissioner DELANO. They do not look into causes.

Commissioner BALLARD. There is no contributory negligence clause in the act.

Commissioner GARRETSON. That has been abolished.

(Thereupon, at 6 o'clock p. m., the commission adjourned until Tuesday, December 30, 1913, at 9 o'clock a. m.)

WASHINGTON, D. C., December 30, 1913.

The commission met, pursuant to adjournment, at 9 o'clock a. m.

Present: All the members of the commission.

The CHAIRMAN. The commission will come to order. Mr. John A. Fitch is present, and he is in a hurry to get to some other place, so we will hear him first.

STATEMENT OF MR. JOHN A. FITCH.

Mr. FITCH. Mr. Chairman and members of the commission, I have come down here with a large collection of suggestions; but I was a little uncertain as to what I might do to justify the commission in asking me to come down here. If I were to try to suggest a line of inquiry that this commission might follow, I would be likely to mention those things in which I am most interested, and it has shaped itself in my mind something like this: The commission was asked to investigate the causes of industrial unrest. If we are to find out that situation we will have to find out what the opportunities are which are open to wage earners to better their conditions, because I take it that the unrest is due primarily, without going into details, to obstacles that stand between the wage earners and improvement in their condition.

Now there are three ways that are commonly spoken of through which wage earners can accomplish that. One is through legislation, the public insisting upon improvement in hours and sanitary arrangements, and so on; one is through voluntary action on the part of the employer; and one is through collective activity on the part of the employees. Now, all of those three are tremendously important. My work has been such as to familiarize me perhaps a little bit more and make me a little more interested in the third manner of improving conditions than in the other two, although I do not detract from the importance of the other two. I take it that other people will speak of those things and that they will be fully considered by the commission.

But considering the opportunities open to wage earners through collective activity to improve their conditions, what are those opportunities? I was greatly impressed by what Mr. Quick said yesterday, my experience in life having been so similar to his, without having nearly so much of it and in so varied a way, and my memory not going back so far as his, still I have seen the same things happen a little farther west than Mr. Quick's experiences, and I am sure the things he outlined are happening. I remember when it was possible for a young man to begin work on a farm and after a while to own a farm;

and, although I am a younger man than Mr. Quick, I have seen that happen and have seen it pass away, and now it is not possible for that to be done. There was a time when there was that opportunity for wage earners who had failed to improve their condition as fast as they would like; there was a chance for them to go to the farms. I think that chance has been largely taken away. The biggest opportunity that the country ever held for improvement through individual activity in economic conditions has been taken away. We must then consider what the opportunity is for improvement through collective action.

I assume that the legal right to organize is conceded. It is not always conceded, and there are legal obstacles, but that is not a thing that I wish to speak about. Assuming the legal right to organize, there are three tremendous obstacles, as I see it—or perhaps two—that do stand in the way. One is economic conditions, the change in the character of our industries, the change in the way in which things are made in the factories, the change from dependence upon highly skilled craftsmen working with their hands to dependence upon machinery turning things out automatically at a speed never dreamed of by the earlier craftsmen. That thing has happened in practically all industries. It has lessened the dependence upon the skilled man until the unskilled man is coming to be a strategic center in industry instead of the skilled man. The unskilled man is coming more and more to be an immigrant, a man unacquainted not only with our customs and laws but with our language. We have not a homogeneous labor population even to the extent, as was once the case, when our common laborers were Irish. We now have a dozen nationalities not knowing how to speak each other's language; therefore common activity is extremely difficult. Not only that, but the skilled trades which were once in a position of strength and were able to organize are finding that their opportunity to work is taken away.

For example, the glass-bottle blowers still have an organization, a good, lively organization, but they are beginning to make glass bottles by machines instead of by man power. The end of the glass-bottle industry seems to be in sight, so far as the individual is concerned. These old men will still live, but their sons will grow up, and what opportunity lies before them for improving their condition as craftsmen, as skilled laborers, through collective activity? I need only mention that. There is a great difficulty that needs to be worked out. The possible change in forms of organization, the entire line of attack of organized labor, will have to be changed. And the kind of organizers they get; no longer can they send them out as formerly they did, but they need a dozen nationalities of organizers in order to reach the situation. No longer will the same appeal be effective. They need to appeal to a different class of men, and so on.

Now, the next obstacle that I am impressed with is the objection on the part of the employer; that is, evidence as a direct opposition, the discharging of employees who endeavor to organize, the blacklisting of employees who have been discharged for that reason; the checking of organized activity through the fear of those things.

Then there is an indirect opposition which manifests itself in a hundred ways. I do not wish to speak categorically in regard to these things, but I wish to suggest the possibility of investigating those more subtle influences which tend to prevent organization.

Mrs. Robins spoke yesterday of what has been called welfare work. It is difficult to say what welfare work is; it means one thing in one place and another thing in another place, and what one person will call welfare work another will indignantly repudiate and say that is not welfare work. There are a large number of activities, however, which are frequently referred to under that head. A very great many of them, whether they exist for the purpose of preventing organized activity or not, have the inevitable tendency to work in that direction. For example, pension schemes. Now, we have not in this country any Government system of pensions for taking care of superannuated workmen. Something must be done. I do not see how a humanitarian employer who has a large number of employees can avoid seeing his responsibility there and doing something about it. A number of large corporations are doing it. The United States Steel Corporation, the American Telegraph & Telephone Co., and the railroads, and some of the large packing plants, and so on, have adopted pension schemes. So they say, when a man has been in the employ of the company for 20 years and has arrived at a certain age, he may be retired and for the rest of his life draw a pension from the company. Those things must be taken care of, it seems to me.

Another thing is profit sharing. That has been worked out in one way or another in different communities. Another is voluntary saving. All of those things represent a certain obligation that an employer has to his employees, and humanitarian employers have tried to work them out, but in working them out what has been done?

The employer must, it seems to me, have a stable labor force. He needs that as badly as he needs anything else, I judge, from such slight opportunity as I have had to observe conditions and observe what the employer's needs are. No one can object to the employer's desire to maintain a stable force and keep his men in his employ. The employer in endeavoring to work that out has taken advantage of pension schemes and profit-sharing schemes, and compensation schemes, etc., to encourage his employees to stay in his employ, by offering them something which perhaps others do not offer. So in the pension scheme they say if you stay 20 years in my employ you may draw a pension. In profit-sharing schemes, take the United States Steel Corporation, for instance, if you stay with us five years you will draw a bonus each year, and at the end of five years you will draw an additional bonus, if you are still there. In the compensation scheme of the United States Steel Corporation, if you are in the employ of the corporation one year and are hurt you will draw a certain compensation, and after five years your compensation will be more, and after a certain other number of years it will be still more. So a man who has been with the company 20 years will receive a still higher rate than a man who has been in the employ of the company only 1 year, even though he is hurt in the identical manner.

Those things undoubtedly are done for the purpose of keeping a stable labor force, a perfectly legitimate desire on the part of the employer. But what is the effect upon the mind of the employee? Most of these plans say definitely that the employee has no rights in the thing that is offered. Not only has he no right to a claim on the company for fulfilling what it has offered in the way of a pension scheme, for example, but the company is under no obligation to maintain that system. And a number of pension systems with which I am familiar say definitely, and I think most of them imply without saying so definitely, that if at any time it seems desirable to the employer the pension scheme may not only be modified but it may be entirely done away with, if that seems necessary.

Now, what is the effect of all that? The employer has offered a certain kind of employment and a certain wage. In addition to that he has offered something else, a pension possibly, or a right to participate in an advantageous profit-sharing scheme, and so on, all of which is dependent upon a certain number of years' service, and that in turn is dependent upon something which the employer calls loyalty. All of those things I do not begrudge the employer at all; I should think those would be the things he would want to do, but I am obliged to point out that it has a certain effect in restricting the freedom of activity on the part of the workers, which will tend to enable him to take voluntary action to better his condition through his own efforts instead of depending upon some outside activity.

What is loyalty, for example? The rules say the employee has no right to be maintained in the employ of the company; therefore, if he is discharged he has no right to participate in his employer's offer. The employer necessarily is the judge as to whether or not he is loyal. Would it be loyal to organize a union? Would it be loyal or not to do that, but just organize a committee and go to the employer and ask for a reduction of hours of labor or an increase in wages? Well, perhaps that would be perfectly proper, and with a large number of employers I think that they would consider that not incompatible with a proper degree of loyalty; but the employee is not always sure of that; and not only that, but he knows very well that in many industries in other sections of the country, perhaps among his friends, men have organized committees and have gone to the employer and have asked collectively for an improvement in labor conditions and they have been discharged for doing it. Can we afford, they must say, to jeopardize our position and so jeopardize our right to participation in this pension fund, by trying to get this temporary improvement in conditions? What would be the effect? Some of them may say that remote opportunity offered for improvement is so much more remote than the opportunity for improving conditions right now that it will have no effect. That probably would be true with an employee who has been one year in the employ of the company but how about a man who has been in the employ of the company for 15 years, and who in 5 years more will be eligible

for a pension? The effect upon his mind will be to make him much more cautious and much more conservative and to hesitate a great deal longer about protesting against something which he believes is bad in the present scheme of employment, but which he thinks perhaps he can put up with for 5 years and then get the pension which is offered.

Now those things I consider some of the most subtle influences at work against organization, against the opportunity for collective action looking to the betterment of conditions. That was all that I had in mind to say.

Just one other thing I would like to add, however. The question was raised yesterday, and it was suggested that the employee asked for protection under the law that the employer does not have. That having laws to protect him, there is no need for further extension. That idea was suggested, that was not said. I just wanted to lay before you three concrete things that have come under my personal notice as to the way in which the law does protect an employee who may want to improve his condition through collective activity.

I was in Alabama about three years ago collecting material for a magazine article, and I walked about in some of the coal-mining camps outside of Birmingham. I was met at the edge of a mining camp that I tried to go into and walk through and observe the housing conditions, and so on, by a man who was carrying a gun; and he wanted to know what I wanted, and I told him what I was doing. He explained that he was in the employ of the coal company as a guard, and when I had told him I was a magazine writer and was collecting material for an article, he said I could not come into the camp, and I asked him why not, and he finally told me that he was employed by the company to keep two classes of people out of that camp, and he was to keep out labor organizers, and people who might be trying to employ labor and take them away. I was a good deal impressed with that, because there was a good deal of inactivity in that region at that time and a lot of miners were out of work. He said that what I said might be true, of course, he did not deny that, but after all, I might be a labor organizer and might be there to employ labor, and his instructions were to keep people from doing either of those things.

I am not saying what conditions were there, but if they had been bad and I had come there to tell the employees of some way in which they could improve their condition by collective activity, I would have been prevented from doing it by this man with the gun. There were men out of work there, and if I had come to offer them a job to support their families, I would have been prevented. The Alabama law says you can not take labor out of the State, but the law does say that you may organize, and so this man with a gun, who was a deputy sheriff, actually would have prevented the doing of that legal thing.

A year or so before that I was an employee of the New York State Department of Labor, and I investigated a paper strike in northern New York. At Corinth, N. Y., during the course of that paper strike, a large number of reputable citizens told me and made affidavit to the fact that while strike breakers were being brought into that paper plant, some of them tried to get away and not go to the plant, and that the militia who were on duty at the time guarded them and compelled them to walk from the depot to the mill, and when they tried to get away, in some cases attacked them and beat them with their guns.

The third thing that I wish to mention is the fact that in Paterson, N. J., last summer two men were arrested who were engaged in leading a strike, and they were sentenced to six months in jail, and did serve about two weeks in jail. When finally the case was reviewed before a supreme court justice, the justice found that not only were the men not violating any law, but they were cooperating with the chief of police in carrying out his orders at the time that they were arrested.

Those three things have impressed me that sometimes the law does not work in protecting the interests of employees, and something needs to be done to see that the law does work.

Commissioner WEINSTOCK. With your permission, I would like to bring out some further points in connection with your statement. The first thing which you brought out on which I would like to have further information, and I am sure the other members of the commission would also like to know, is the point you made that the unskilled man is coming to be the strategic point; and I gathered, practically, from what you said that labor-saving devices are killing the skilled worker, so to speak, as a skilled worker.

Mr. FITCH. Yes.

Commissioner WEINSTOCK. Now, I have read many economists who have taken the ground that labor-saving devices do not rob men of work, but that they create work for men; that is, they have such a potent influence in reducing the cost of production that they increase the demand, and that in turn opens out new avenues for labor.

To illustrate, take a concrete case, the typesetting machine, for example. It is pointed out that the typesetting machine threw many compositors out of work, and to them it was in the nature of a calamity if they could not readily adapt themselves to the new condition, because it made of them unskilled workers. But, on the other hand, it reduced the cost of printing newspapers and printing magazines so materially that it made the 1-cent paper possible on the one hand and the 10 or 15 cent magazine possible on the other hand. That in turn created a very greatly increased demand for such publications placing them within the reach of millions that theretofore were unable to buy them, and that in turn again created employment for untold numbers.

Now, is that economic claim sound or unsound, as the result of your observations and investigations?

Mr. FITCH. I have no doubt that what you say is true; that that claim is sound; that the introduction of labor-saving devices does decrease cost eventually. It may not at once, on account of patent laws, and so on, but there is no question it will eventually. But notwithstanding, the grade of labor employed has been permanently lowered. The proportion and number of skilled employees needed has permanently been lowered and the scale of wages has permanently gone down for that class of men. There is no longer any employment for them in their skilled trade. They have gone beyond the point where they can learn a new skilled trade, and even if they could, they would have to displace other skilled men to get jobs. Therefore, the whole tendency as regards labor is downward when you invent a machine which throws a lot of men out of work. That is good for society from the standpoint of production, but it is bad for the men who work.

Commissioner WEINSTOCK. Assuming that is correct, the question, I think, that is important for the commission to consider or, for me, at all events, to know is this: Admitting that that is an evil—that is, the lowering of the standard of the average—admitting the conditions whereby a limited number of skilled employees can get employment at a high wage and the number of unskilled can get no work; admitting that that is an evil, the question arises which of the two evils is the lesser evil, from the standpoint of society generally? What would be your answer to that?

Mr. FITCH. If you mean do I believe that the question could be solved by stopping the invention of labor-saving devices, I do not think that. I think the saving of labor must eventually work to the good of the workingman whose labor is saved, as well as it works to the good of consumers. But what we need to-day is to examine what happens to workingmen who are thrown out of jobs; what machinery we have, if any, to take care of men who through no fault of their own are thrown out of a job, who represent a problem of unemployment which, you might say, we are the beneficiaries of. We have a tremendous responsibility to an unemployed man who is thrown out under such conditions as that. That is a point I have not investigated and have not examined, whatever may be suggested in the way of taking care of that situation, and I do not feel like making that suggestion myself at this time.

Commissioner WEINSTOCK. Briefly, of course, the prime object of this commission is to pick out the underlying causes for industrial unrest. It is very important for us to be guided and directed by experts along the lines of discovering the prime causes of industrial unrest; and I feel it would be very important for me to have made clear in my own mind as to whether the invention of labor-saving devices is one of the prime causes for industrial unrest and whether it makes conditions on the whole and in the end worse than they were before. I have been led to believe, as the result of my reading and observations and investigation, that on the whole the results of the introduction of labor-saving devices are beneficial, but I have an open mind.

Mr. FITCH. I agree with you absolutely; they are beneficial.

Commissioner WEINSTOCK. And if it could be shown they are not beneficial, I would be quite willing to accept that as a fact.

Mr. FITCH. I merely want to suggest the incidental damage that is done by them and to ask that the commission will inquire as to the extent of that and as to the possibility of repairing that damage.

Commissioner WEINSTOCK. That is minimizing the result?

Mr. FITCH. Yes; exactly.

Commissioner WEINSTOCK. I take it, then, that you are in accord with the idea that you can make no change of any kind without somebody being hurt.

Mr. FITCH. Yes.

Commissioner WEINSTOCK. But the only question is, what is the greatest good to the greatest number, and that that should prevail.

Mr. FITCH. Yes.

Commissioner WEINSTOCK. One other point. You touched upon the fact in your statement that employers are voluntarily endeavoring to establish better conditions for their workers, with a view of binding them more closely to their enterprises—

Mr. FITCH. I beg pardon, I did not say they did it with a view to binding them more closely to their enterprises. I said the incidental effect of many of those things, whether intended by the employer or not, is in that direction.

Commissioner WEINSTOCK. Well, we must of course assume that these large business enterprises are conducted primarily for profit.

Mr. FITCH. Yes.

Commissioner WEINSTOCK. If there is any philanthropy or benevolence connected with it, that is merely incidental; and that the thought that animates action in large industrial enterprises is the best possible result, and if these welfare efforts have been made, the prime thought was better results and better profits. In fact, you will find, many will tell you they are doing this on business principles and that the thought of philanthropy and benevolence is only a mere incident with them. Very well. You have pointed out the danger of that from the standpoint of the worker, that it minimizes what otherwise might be energetic effort on his part to better his condition on his own initiative. If that is so, what would you advise? Would you advise that employers be discouraged from doing the things that you have touched upon and letting the burden rest entirely upon the worker to better his condition, or would you approve of the efforts of employers to continue, and encourage them, if you were a member of the commission, to do this sort of welfare work? It is important for us to have that point clear in our minds.

Mr. FITCH. That is a very large question which would involve a very long discussion to state all that even I have in mind in regard to it, although I do not claim to have gone deeply into the question. Certainly I would never do anything but encourage employers in improving the physical conditions of their plant, making it sanitary, introducing safety devices, and organizing their employees along safety lines as was suggested yesterday. I want to indorse that movement with all the strength of which I am capable. Anything that the employer might do to make the plant a healthy place and a safe place in which to work I would indorse and encourage in every way possible. That is sound business policy, and it is a part of the moral obligation of the employer, I think, to provide that sort of place in which to work.

Now, speaking of a pension plan, for example, and I mention that as one thing without going into the other things, a man who had something to do with the work, a great deal, perhaps one of the prime movers in working out one of the biggest pension plans in this country, told me last week that undoubtedly the effect of it was to curtail the work of the employee; that undoubtedly it was not sound public policy to permit a pension scheme of that kind to be introduced widely and to continue. He told me finally that he believed the only answer was Government insurance instead of private pension plans.

Nevertheless, we agreed, after talking it over, that the thing could be worked out even in advance of the Government taking it over by protecting the employee at every point in some such way as this: We will say he enters the employ of the company and is offered a pension system. Establish a legal right in some way, I can not say what would be necessary for that, but establish his legal right to the pension. It seems to me it would be necessary, and regardless of legal advice it seems to me it is very much better from the standpoint of society for the employee to contribute himself to his old-age pension fund, just as is done in Germany under the control of the State. Then suppose he does want to quit the employ of the company at the end of three or five years or any other period in advance of the time he would be naturally retired; let him have the right to a paid-up policy just as he would have if he stopped his payments on a life insurance policy, and he would have a paid-up policy at any time. And let that be done if a man quits his job, and let it

operate even if he goes on a strike, and let it be understood he has a paid-up right in that policy.

Commissioner WEINSTOCK. Am I to gather from what you say that you would favor a national pension system, a workmen's pension system something along the lines of the German system, as one of the remedies for this industrial unrest.

Mr. FITCH. I think that is the only answer, in the last analysis.

Commissioner WEINSTOCK. A national workmen's pension system?

Mr. FITCH. There are undoubtedly grave legal obstacles to making it a national system. I am speaking of what I would like to see rather than what I may conceive to be possible.

Commissioner WEINSTOCK. But dealing simply with the ideal?

Mr. FITCH. I think as an ideal that is the only final and complete answer. Whether we are ready for that is another question altogether.

Commissioner WEINSTOCK. Now assuming that this commission, for example, should find that that would be one of the remedies, not the only remedy, of course, but one of the remedies to minimize industrial unrest, and assuming further that it could be nationalized, do you figure that the contributory system, where the worker pays toward the fund, is to be preferred?

Mr. FITCH. As an old-age pension; yes.

Commissioner WEINSTOCK. You think the contributory system is the preferred system?

Mr. FITCH. Yes.

Commissioner WEINSTOCK. I was incidentally investigating that question while abroad some years ago, and I happened to be in London when the old-age pension system was before the British Parliament; and in a conference with John Burns I put this question to him: I said, "I notice that the English old-age pension system does not contemplate a contributory system as they have it in Germany, and why the differentiation?" His answer was: "We thoroughly investigated the German system, and we reached the conclusion that the cost of collecting the fees from the workers was almost prohibitory, and therefore only a fraction of their contributions would go into the fund, and the greater part of it would be eaten up by the cost of collection, and we therefore decided not to make it." What have your observations led you to conclude?

Mr. FITCH. As I say, I have not made a deep study of this Government plan, and on the other hand, I have an open mind on it, and any information as to that I would take into consideration and would hope the commission would consider it.

Commissioner WEINSTOCK. Then I take it you would recommend to the serious consideration of this commission that we look into the question of workmen's pensions as one of the possible things to minimize industrial unrest?

Mr. FITCH. Absolutely.

Commissioner O'CONNELL. Do you understand that the organizations of labor have decided by almost unanimous vote against the contributory part of any such law that might be enacted?

Mr. FITCH. As to an old-age pension?

Commissioner O'CONNELL. Yes.

Mr. FITCH. No; I did not know that.

Commissioner O'CONNELL. And workmen's benefits, etc.

Mr. FITCH. No; I did not know it.

Commissioner O'CONNELL. They are absolutely against any such idea. In speaking of the displacement of labor by machines, you mentioned the bottle-making men, for instance. That machine not only displaces the skilled men but it eliminates the unskilled men also. It simply makes the bottles automatically.

Mr. FITCH. Yes.

Commissioner O'CONNELL. You run the glass into the machine and it comes out bottles, and all that is required is some little girl or boy to go around and pour oil on the machine once in a while. Could not the skilled man who is being displaced by the machine enjoy some result of that machine's introduction into the business which eliminates practically his labor altogether?

Mr. FITCH. I think so.

Commissioner O'CONNELL. Ought not he at least to be the attendant upon the machine, where it shuts him out of work or reduces his skill? Should not the man be taken care of with the machine, as it were?

Mr. FITCH. If you have 10 men displaced by one machine and only one attendant is needed, you have a difficulty there.

Commissioner O'CONNELL. Well, at least one man should be taken care of?

Mr. FITCH. Yes.

Commissioner O'CONNELL. You will find at the present time that is not the case; so far as skill is concerned, the skill is lost sight of. What you say about the introduction of a machine reducing the amount of skill required, there is no question about that being true. But the cost of production per machine or per something that is produced, the total cost of that, for instance, the building of a locomotive, say it requires 1,000 men a given time to build a locomotive, and by the introduction of a machine 500 men build the locomotive in half the time, the cost has been reduced 100 per cent and the number of men has been reduced 100 per cent. Something should be done whereby that number of men should be taken care of in that production. They should enjoy some result of the reduced cost of that production. Do you get the idea?

Mr. FITCH. Yes. My proposal would not be, however, that each industry would take care of those displaced, because it would leave forever ups and downs throughout the entire industrial field, one industry being able to take care of its men while others not so well. So if it were worked out as a scheme of insurance and taking care of every man who was so displaced, by unemployment insurance, perhaps—I am not here to advocate all forms of insurance, as I am not an insurance expert—but to take care of the unemployed man and tide him over and help him secure a better job—those things would have to be done on a national, or at any rate a State, scale, rather than by industries.

Commissioner O'CONNELL. Your idea being that the State should take care of those insurances and pensions with a view of doing away with the bonus systems that, in your way of thinking, do in some way bind men or obligate them in some way which prevents them from asserting what they feel to be their right?

Mr. FITCH. I think the States could do it, but I do not think for a minute that the States will do it overnight, and I think it can be handled more simply than that in the meantime. I see no objection whatever to the employers in a given industry combining for the purpose of establishing funds that will take care of men under such circumstances, so that a man may freely go from one firm to another in the same industry and not lose his skill and benefits because he left the employ of Jones and went to the employ of Smith, but let Smith and Jones cooperate in the fund instead of Jones doing it alone and Smith not doing it.

Commissioner O'CONNELL. Do you suppose the tax should be general or upon the entire people employing these men?

Mr. FITCH. If it were a Government proposition, it should be a tax upon all systems, supposing it were on the basis of a tax. But what I did suggest was a contributory system, with the employer and the employee contributing and a certain balance by the Government, which, of course, would mean taxation of all citizens. But I think the form would have to be different with each form of insurance.

The CHAIRMAN. Mr. Fitch, might we ask you to make a little written outline of a proposed investigation into these subtleties which you have spoken of, or into those different things which you think operate to take away freedom in the industrial world and give it to Mr. Lauck?

Mr. FITCH. Yes; I would be very glad to.

The CHAIRMAN. I wanted to ask you one other question. From your experience can you suggest here briefly what the trades-unions have done or are doing to make the employment of trades-union men desirable economically?

Mr. FITCH. You mean to convince the employer?

The CHAIRMAN. No; to make it more desirable economically, using that term in its broadest sense.

Mr. FITCH. I think the trade agreement has had a very great deal to do in that direction in providing stability in an industry. I think the highly organized industries are not subject to the sudden and altogether unexpected interruptions such as took place in Paterson in the silk industry, where a very large proportion of the employees were unorganized and there was a sudden revolt, or such as took place in the Bethlehem Steel Works, where, there being no trade agreement and no understanding between the employer and the employee, there was a sudden upheaval which took place in the middle of the filling of contracts by the employer. The absence of contracts between the employer and the employee

and the existence of a contract at the same time between the employer and the consumer puts the employer in a condition of great jeopardy, and I think the trade agreement has removed that jeopardy in many industries.

Commissioner LENNON. How does it strike you as regards the fixing of a standard of uniform wage in an industry? How does that act upon the success of the business, to fix the labor cost for every manufacturing line at the same point, what tendency does that have?

Mr. FITCH. Undoubtedly that enables the employer to estimate his cost and to put in his bids with a certainty of knowledge as to what his costs would be that he would not have otherwise.

Commissioner LENNON. And knowing that the other fellow has to pay the same thing?

Mr. FITCH. Yes.

Commissioner WEINSTOCK. Do you refer, Mr. Lennon, to a minimum wage or a maximum wage?

Commissioner LENNON. Whatever the agreed wage may be.

Commissioner GARRETSON. Mr. Fitch, is not what you referred to as being described by the employer as loyalty being engendered by these various welfare devices, in reality liability on the part of the employee? Is not that what it guarantees?

Mr. FITCH. Usually, I should say; yes.

Commissioner GARRETSON. Do you hold that any system of pensions contains within it the principles of equity if its benefits are terminable at the will of the man or the corporation who grants it, arbitrarily?

Mr. FITCH. I think a system of that kind is inequitable, essentially.

Commissioner GARRETSON. Let us go back to that print shop a minute. Is it not a fact, and I assume that you are somewhat familiar with the conditions in the printing trade from what you have said, that the old stick space typesetter is relegated to the country office at the present time?

Mr. FITCH. Yes, sir.

Commissioner GARRETSON. And that only such men as have been able to master the use of the linotype or the monotype have been able to pursue the calling that they pursued prior to its introduction.

Mr. FITCH. Very true.

Commissioner GARRETSON. Has there been any reduction to the average consumer of the rates of printing therefrom?

Mr. FITCH. I am not in a position to say as to that. I am not familiar with that.

Commissioner GARRETSON. I wanted to discover that fact from a personal sense. I spend \$35,000 a year for printing, and I have never been able to find that reduction, and I wanted to know where it was. Do you suppose that out of the large number of men who have been displaced as printers by it, that there is any feeling of unrest, or that those men are readily reconcilable to the present industrial conditions?

Mr. FITCH. Without having made any inquiry, I should naturally assume that there would be a feeling of unrest.

Commissioner GARRETSON. It would be rather hard for them to treat the public good, then?

Mr. FITCH. Yes.

Commissioner GARRETSON. I judged that is the case. I would like to ask one other question: Who is the public?

Mr. FITCH. I trust that all of us are.

Commissioner GARRETSON. Now, I am asking that question on this basis: What portion of the public do laboring men constitute?

Mr. FITCH. Do you mean—

Commissioner GARRETSON. When we talk about the public, what proportion of it is composed of individuals who are subject to those labor conditions?

Mr. FITCH. Oh, a very large proportion; I could not say.

Commissioner GARRETSON. A very large majority, is it not?

Mr. FITCH. A very large majority; yes.

Commissioner O'CONNELL. The much-abused public is the minority.

Mr. FITCH. I might say as to the possibility of a man losing his rights, I heard the other day of a man drawing a salary of \$5,000 in a company which has a pension system, being discharged, in about the seventeenth year of his time of employment with that company, and making way for a younger man who started to work at \$2,000.

Commissioner GARRETSON. Let me ask one question right there as to pensions, as you have spoken of that. Do you consider any system of pension device by a single corporation without any connection or affiliation with any other pension system, contains within it anything but the elements necessary to coerce the men who are receiving it, if it is terminable when the man's connection with that corporation or employer ceases, or should it stand as a vested right acquired by him, regardless of the period, in the degree that it has accumulated to him in that service?

Mr. FITCH. Oh, yes; it should stand as a vested right of the employee; that is my whole point.

Commissioner GARRETSON. Take the whole system as devised, and we will give them full credit, philanthropic employers; my friend did not claim for them philanthropy, but business; but take it on the basis of philanthropy, employers from that standpoint, do you believe that the whole welfare system as it is at present paternally administered, is taken up by them as anything else than the lesser of two evils; to defeat, in other words, activity on the part of their employees in a direction that they could not control?

Mr. FITCH. I should rather not go into the question of motives, because I think they are so varied and complex. It is a good deal easier to say what is the result.

Commissioner GARRETSON. Well, express your opinion as to the result, then.

Mr. FITCH. That is what I tried to do. The result is to prevent activity on the part of the employee.

The CHAIRMAN. There are a couple of questions which the commission would like to have answered, and I will hand them to Mr. Lauck so he can put them in the record directly.

Commissioner DELANO. I would suggest that as all of the commission may have questions to ask, that it would be very desirable if they could be transmitted to the chairman and embodied in a list of questions by our experts which the witness or expert who is testifying will be permitted to answer thoroughly and carefully.

Commissioner LENNON. At some other time besides at the hearing?

Commissioner DELANO. Yes. I think if we do not adopt that practice, that we will get into a wrangle where we will not accomplish anything.

The CHAIRMAN. In justice to the speaker he should not be called upon offhand to answer some of these complex questions.

Commissioner BALLARD. I think the time when the thing is up for hearing is the time to thrash it out.

Commissioner O'CONNELL. Do you mean we are not to address the gentleman who is speaking as to any questions which may arise?

Commissioner DELANO. I think Mr. Garretson's questions have been pretty fully covered by the witness, and we can spend a great deal of time unnecessarily in thrashing these things out.

Commissioner O'CONNELL. I do not think it would be fair, if some gentleman addressed this commission and made statements which some of the commission knew to be incorrect, making them perfectly innocent, I think it would be well to bring that fact out so that the witness may have the opportunity to straighten out his mistake.

Commissioner WEINSTOCK. Speaking for myself only, I am here to be educated. These are all very great and complex problems that not any of us are in a position to handle intelligently at the present time, and one of the great advantages in having these ladies and gentlemen come before us, who are experts and who have given their lives to the study of these subjects, is to educate us. And the only way I can get educated is by asking questions and getting answers. If we reduce it to cold type at a later period, that will not answer questions that might suggest themselves to us, and I do not know of any better way than by taking advantage of the opportunity to become educated from a man who has given time and study to these problems.

Commissioner GARRETSON. Mr. Chairman, I want to draw attention to this phase of it. The gentlemen who appear before this commission make certain expressions of opinion. If my friend on the other side of the table who disagrees with some of my conclusions wants to ask a question to bring out in concrete form the implied opinion that came before, I shall not object to it, simply because I disagree with the idea he attempts to bring out. But if an expert on a given line appears before this commission recommending to this commission a course of investigation to be pursued, it is my intention to develop as clearly as I can, what his beliefs are; because if he is recommending a course

of action to the commission it is the right of the commission to know in as definite a form as they can get it, what it is that he desires to rectify, and upon what grounds it is safe.

Commissioner COMMONS. Mr. Chairman, would it be satisfactory if we reserve this discussion to an executive session?

The CHAIRMAN. I think so.

Commissioner COMMONS. My idea would be that the gentlemen should ask such questions as they choose until the commission has settled its policy as to conducting the investigations, and we should allow it to go on in this fashion and reserve for executive session the discussion of any questions of policy regarding how we should conduct these hearings.

The CHAIRMAN. Yes. Mr. Leiserson, would you be kind enough now to submit your suggestions?

STATEMENT OF MR. WILLIAM M. LEISERSON.

Mr. LEISERSON. Mr. Chairman and members of the commission—
Commissioner COMMONS. I suggest that the gentleman be asked to put in the record what his position is.

The CHAIRMAN. What is your present work?

Mr. LEISERSON. I am a deputy of the Industrial Commission of Wisconsin, in charge of their employment department; that is, on that part of the work of the industrial commission that relates to unemployment and employment offices comes under my jurisdiction.

The CHAIRMAN. What is your particular specific duty with reference to it? Are you the head of the free employment bureau of the State of Wisconsin?

Mr. LEISERSON. Yes; I am at the head of the work of the free State employment offices and am the inspector of private agencies and have the regulation of private employment offices.

The subject that I want to direct your attention to is unemployment. When you come to that subject, you are getting at the really fundamental thing in industrial relations; the things that Mr. Quick spoke about and the things that the Safety Council spoke about are all incidental. The bottom of everything is unemployment. It is unemployment or the fear of unemployment that keeps us from regulating trusts, from changing our currency system, and from reducing our tariffs; it is the fear of the unemployed men that keeps the trade-unions from organizing; it is the fear of losing a job that keeps a man from voting as he wants to vote; it is the fear of losing a job that jeopardizes a man's rights. It is the unemployment problem, I think, that is basic in everything.

Now, the unemployment problem has two sides to it. It is basic in the sense that the man is out of a job and is in fear of losing his job, and therefore is willing to give up all his rights, or he can not protect his rights; but on the other side the unemployment problem shows itself on the inside that the man refuses to work. That is, the man who is compelled every winter to spend his winter in Chicago in the lodging houses with nothing to eat except what he can get from the free-lunch counter, when he does get a chance to work in the summer, and when there is a great demand for labor, then he has acquired habits of idleness and he refuses to work at that time, and you have the unemployment of the winter balanced by unemployment of the summer, that is voluntary on the part of these same people, so that it is a problem both to the employer and to the employee.

Now, I want to direct your attention to the question of the fundamental causes of unemployment. As I see, what your commission wants to get at—it wants from us who come before you some definite suggestions as to what you might do on the various subjects that we are interested in. I should like to begin by telling you what not to do, and the reason that I can stand before you and tell you that is because I have done some of the things that ought not to be done.

In studying unemployment, you might get at the fundamental problem, you might say that seasonal fluctuations of industry are one of the causes of unemployment, and that cyclical fluctuations; that is, fluctuations over years, introduction of machinery, and so on, are fundamental causes of unemployment. Then you develop remedies for those fundamental causes, employment offices, unemployment insurance, public works for the unemployed, industrial training, and any one of the remedies of that kind. Now, any study that you might make into the question of unemployment will result in an analysis of

the question that has already been made. Books have been written on the question to which you could add very little, as to explaining the fundamental causes of unemployment, and the remedies that you could suggest to the United States Congress would be remedies that have already been suggested by other bodies in this country and by other bodies in Europe. They would be, as I mentioned, unemployment insurance, public work for the unemployed, employment offices, and so forth. You recommend fundamental remedies, but you have to take into consideration whether you can get those fundamental remedies across. If unemployment insurance and public work for the unemployed and other fundamental remedies of that kind mean taking money out of the pockets of taxpayers in the form of taxation or out of the pockets of employers in the form of making them contribute to insurance funds, and so on, you will not be able to get that across unless the employers and the public are educated to the point of doing that.

Now, at the present time, from my knowledge of the question of unemployment, if I were to confine it only to the States of New York and Wisconsin, where I have had experience, I should say it would be absolutely impossible to get an unemployment insurance law adopted in either of those States, and I think it would be impossible to get the Federal Government to do anything along that line. And you might suggest it and your experience would be what the New York Commission on Unemployment had. I was connected with that commission, and we made a thorough study of the question and went to Europe and made a very voluminous report, and it was a very good report, as good as could be made, and I know it because I wrote it myself. But the result of it was that it was filed away and not a single thing was done.

I want to direct your attention to accomplishing a thing that is fundamental, too, in a way. It is fundamental because you can get something done right now. When I became connected with the Industrial Commission of Wisconsin and we wanted to take up the same question of unemployment, instead of making a general study of the question and having to report, we took the benefit of those reports before and a bill was passed by the legislature which is a part of the industrial-commission law, which I should like to read to you. It is just a short statement, and it gives practically the fundamental remedies that you might have for unemployment:

"Powers of the industrial commission." That is one part of the industrial-commission law.

"To establish and conduct free employment agencies, to license and supervise the work of private employment offices, to do all in its power to bring together employers seeking employees and working people seeking employment, to make known the opportunities for self-employment in the State, to aid in inducing minors to undertake promising skilled employment, to provide industrial or agricultural training for vagrants and other persons unsuited for ordinary employments, and to encourage wage earners to insure themselves against distress from unemployment. It shall investigate the extent and causes of unemployment in the State of Wisconsin and the remedies therefore in this and other countries and it shall devise and adopt the most efficient means within its power to avoid unemployment, to provide employment, and to prevent distress from involuntary idleness."

Now, could you do anything better than get a bill like that passed now? You might get it passed. It takes in all the things, but the question is, Can you get anything done? Just to put the law in the statute books will not do you any good. So I come to the way something might be done, and I will give you my own experience that I can talk about with knowledge and from that I think you can draw some kind of a conclusion as to what you might do.

We found in the State of Wisconsin that there were agencies that were dealing with unemployment. We had public employment offices in the State—we had four of them—and we had something like 80 private employment agencies. There was something to begin on. Every study of unemployment that has ever been made that I know anything about has reported that the first step in the problem in dealing with unemployment must be the establishment of a system of employment offices to bring together the jobs that are open now to give the unemployed all the employment there is. We do not know now, although there are unemployed people in one part of the country or in the State, that there are plenty of jobs in another part of the country or another part of the city that might use those men, and the first step must be to bring them together. Now, you have provided a public agency whose business it is to do that. We have in the State of Wisconsin four of those. The first thing the industrial

commission ordered was a study of those four agencies; what are they doing? Well, we found that those four were not doing anything really to help the situation. The people in charge of them did not know the employment business. When a man was in it long enough to learn the employment business there was a change in the administration of the State and a Democrat or a Republican was substituted for him just about the time he got the business learned and somebody else took the job. Then these people——

Commissioner O'CONNELL. To the victor belongs the spoils.

Mr. LEISERSON. Then, these people, not knowing the business, have not worked out policies to deal with the problem they have to deal with. A public employment office, in the minds of many people, gives away work. Now, there is the danger. I have not much use for the argument about pauperizing people, but however much you may not place stock in that argument, that public activity or work pauperizes people, there is a danger there, and when an employment office is run on the idea that it is giving people jobs and makes them feel that any time they want a job they should go to the employment office, there is a danger of pauperizing people, and I have seen it, and the people, not knowing how to handle the employment office, did not know how to handle the people in order to avoid that difficulty and other things. About 80 to 85 per cent of the demand for labor in a city the size of Milwaukee, which is about 350,000, is for short jobs—casual labor. Now, there is a very great danger of an employment office instead of minimizing the problem of casual labor intensifying it by taking young people who might do steady work and showing them that they can get a short job for three or four hours and make a dollar or a dollar and a half during the day, and they get accustomed to doing that, and you are making the employment office a place for manufacturing casual labor. And in some States that has actually happened. And I might go through other things of that kind that happened in the employment office.

Now, when you get to the private agency they do not even try to handle the problem from the social point of view. The public agencies are supposed, at least, to help in the solution of the problems of unemployment. The private agencies do not even try it. What they are after is the profit from the business, just the same as any manufacturer or employer goes into the business of manufacturing or distributing goods. Now, the private agent intensified the evil in this way, and I might illustrate with a few cases.

Just at the present time everybody knows there is a large number of unemployed people in Chicago. At a conference that I attended in Chicago a few weeks ago the fact came out that just at this time an employer in Chicago orders 50 Polish laborers from Detroit to be shipped to Chicago. That shows one of the evils that the private employment agencies accomplish or bring about by merely looking for the profit that they can get in placing an individual. That is the theory, that if you leave to private individuals and to private enterprise the business of distributing labor in the country it works out not to distribute them properly is to congest laborers, as in this case in Chicago.

Another thing: At the present time private agents have not got very much business. If you go along South Canal Street in Chicago you will find signs up in some of the employment offices, "No shipments." They have not got any business. Now, an enterprising private employment agent knows how to get business, and one of them told me how he does it. He says, "When I have very little work and I have many laborers, I go to a manufacturer and tell him, 'Now, you are paying 20 cents an hour, and there are thousands of laborers coming to my office now, and I can get you 100 or 200 or 500 who will work for you for 17½ cents or 15 cents an hour, and I will supply them to you, and you will make a saving, and I will get \$1 or \$2 or \$3 from each of the men.'" That is another way in which the theory of leaving to private enterprise the distribution of labor works out to the disadvantage of the laboring man and to the creating of industrial unrest, as you may call it.

To come to the more concrete suggestion as to what your commission might do in this problem I think you might follow the example which the Industrial Commission of Wisconsin followed in its study. There are in the United States about 70 free public employment offices. Very few people know about them. There are very many private employment agencies. Everybody is agreed, at least theoretically, because it has taken the form of State legislation, that the public, the State, ought to do something in distributing labor. You can get something done on this first step in dealing with unemployment. You would not have the difficulty that you might have in trying to get a scheme of unemployment insurance across. Now, if instead of making an investigation of

unemployment in general and then recommending that the first step must be public employment offices and then leaving it there, and then perhaps some States will go on and create some more of the same public employment offices that we have now, which do not accomplish anything—if instead of doing that you made a study of the agencies that are now in existence for distributing labor, taking care of that first step, and then recommending to Congress a scheme for an efficient distribution of labor in the country and backing that up by showing how inefficiently the present method works, then I think you can get something done immediately. That may look like dealing with palliatives that are not getting at the fundamental thing. I contend that it is the most important and the only practical way in getting at fundamentals, and I will give you an example that we have in the city of Milwaukee.

In the city of Milwaukee now we have the same unemployment problem that exists throughout the country, whereas in other cities they are now talking about employment offices as a remedy for unemployment—and, by the way, in Chicago they have three public employment offices, and they have a mayor's commission on unemployment; and this mayor's commission on unemployment, as I am informed, has just recommended the establishment of another free employment office—

Mrs. ROBINS. That is right.

Mr. LEISERSON. Now, if those three could not do anything, what is the use of putting another one in there? We want to find out what the trouble is. In the city of Milwaukee we do not talk employment offices any more. We have got it, and the thing we are talking now is the regulation of the labor market by means of public work. Everybody in Milwaukee knows if there is any work in the city it is registered at the employment office, and the people in charge of the employment office have issued an appeal to the public to do work that they ordinarily leave to the spring now. They have issued an appeal to the people to do repair work and such things as they ordinarily leave for the spring now. And the most important thing they have done is to appoint a committee to go to every department of the city and find out if those departments could not to a large extent do most of their work in the winter, when other people are throwing workmen out of work. Now, the answer we get is that we can not do it, our appropriations are not arranged that way. In other words, the people who have this work to do are on the defensive; they have to show why they can not get the public work done now. And the reason they have to show it is because we have already thrown this problem onto the community through the employment offices.

There is one point I want to bring out as to the kind of study that you might make as to why these offices are not accomplishing what they ought to accomplish. We have had employment offices in this country since 1890. Ohio started first. During all that time there has not been worked out anything like a set of administrative principles of technique or science of running an employment office. Nobody has thought of working that out. Nobody has thought of learning the employment agency business. In any private business that is the first thing a man has to do; to succeed, he has to learn the business. Now, what are the things which make an employment business successful? If you make a study of this question, that is the most important contribution you can make. If you can recommend to the Congress of the United States a system of public-employment offices, State and Federal, working together, if you can recommend in that system what the administrative principle shall be to control the management of those offices, then, I think, you will have taken the most important step that you could possibly take at this time to remedy the problem of unemployment, and you will actually make a beginning on it. For I really feel that the people of the United States are ready to do this thing.

What are the things that make for a successful employment office? I think the most important thing is the selection of the force, the people who are going to do it. You know the way we have had legislation in this country, studies have been made on the fundamental principles, just as it has been suggested you should do, and then as the result of the fundamental principles you agitate and get up a lot of publicity, and you pass a law; and then all those people who know anything about the law, and the reasons why it was passed, forget about it and think the question is solved and say we have passed a law which will remedy this situation.

And it is just at that point that you ought to begin. In other words you are doing what the novelists and dramatists do. They end a story at the time

the hero and heroine get married. It is just there that the story ought to begin. Every one of these reforms that have been worked out in the form of legislation—that is rather a wild statement; I mean with regard to unemployment it is absolutely so—every reform with regard to unemployment, take the employment officers, the law has been passed, and then it has been left to political appointments, to people who knew nothing about the business or about the reason for establishing the offices to administer those offices. And of course they could not be successful. Therefore I suggest that you first work out the kind of a system or have your investigations directed toward the kind of system that will make for getting the best people that know how to run the offices actually there. That means some form of civil service, some form of permanent tenure in office. That is the most important thing. I might, by way of suggestion, tell you how it has been worked out in Wisconsin. I will do that presently.

Another thing is when you get a public-employment office, laboring men are afraid it will be used as a strike breaking agency to lower wages. Employers are afraid it will be used to fill their shops with union men. That has been one of the most fundamental causes for the failure of employment offices. Laboring men have tried to get trade-union men in charge of the offices. When they have done that what has happened? They have refused to call for any help at all, except the most casual kind of work. On the other side, where the employers have got their man in the laboring men have looked with suspicion upon the office.

Now, the scheme we have worked out in the city of Milwaukee is this: That the question of getting the job is the question which must be left outside of the struggle between capital and labor, and that absolute impartiality must be the principle which guides the employment office. How have we done it? We have taken five members of the Civic Federation of Labor in Milwaukee and have taken five members of the Merchants & Manufacturers' Association, and we have appointed them a citizens' committee on unemployment, and they practically run the office. They see that absolute impartiality reigns in that office.

Commissioner O'CONNELL. It takes those 10 men to do the work of 1?

Mr. LEISERSON. No; they do not work.

Commissioner O'CONNELL. They watch the one?

Mr. LEISERSON. We have 5 men who are employed in the office and they help direct those 5. The committee has also members of the city council on it, but these men are sort of a board of directors; they are what are called in Europe the advisory committee of the employment office. There is no place in the country, I think, where the class conflict is keener than in Milwaukee. Over there they do not argue any more at all about public ownership or things of that kind; the question over there is this: "Shall the government be taken from the city hall and be put in Brisbane Hall, where the trade-unions meet, or in the Germania Building, where the Merchants & Manufacturers meet?" That is the question over there. Now, if you can get under circumstances of that kind, under the keenest class conflict, both sides to agree and work on a proposition of this kind, I think that is evidence enough that that is a practical idea.

Now, I will illustrate that a little further by showing you how practical it is. The industrial commission, which has charge of these offices, did not have money enough to run them. The same thing is true all over the country, there is not enough money appropriated for the work. So the industrial commission went to the city council and county board and said, "You are interested in this and you contribute something," and they pay; altogether they have contributed \$5,000 for the work. When it was first done the Socialists were in control both of the city and county. Everything that the Socialists did, the good things and the bad things, because it was done by the Socialists, was turned out—the child-welfare work, the tuberculosis work, and practically everything, even Prof. Commons was turned out, because he happens to be with the Socialists. But when it came to the appropriation for the free employment office in Milwaukee we had Mr. Van Schaick, the secretary of the International Harvester Co., who is the chief lobbyist in the legislature for the Merchants & Manufacturers, go together with Billy Coleman, a Socialist painter, the assistant business agent of the trades council, and together they went before the finance committees of the city council and the county board and said, "We want this." Now, no politician will refuse to give anything to a combination of that kind. So we have had no trouble in getting the appropriation that was necessary for that work.

Now, here I come to the question of choosing the board. We went to the State civil-service commission, which has charge of choosing the people, and we said, "We want to get the best men that know this business, and we have got a committee in Milwaukee which is made up of employers and workmen, who watch and see that the business is properly and impartially done. We want you to let this committee have something to do with choosing this force." They were perfectly willing to do it. So a system of civil-service examination has been worked out something along this line. The chief examiner of the State civil-service commission is there and I represent the industrial commission, and we have two members of the trades council and two members of the manufacturers, and we are the examining board practically, the civil-service board, for picking the help for that office. The way it is done is this. There is a minimum requirement with regard to a written examination, to see that the man has the minimum amount of education, but that only counts three points out of ten. The seven points, the main thing is that every candidate comes before this examining committee, and the first thing we do, after we interview the man, when he goes out we decide can we use him or not; and if we can not use him, he fails, no matter how he comes out in the written examination. And after discussing the men we grade them, one, two, three, and in every case we have graded them that way, with perhaps two or three exceptions, and the civil-service commission has practically acceded to our request that the men be graded that way; and even when a man was graded one, two, three, and this committee decided that the first man is not the man and the third man is not the man but the fourth or fifth man is the man, we have got the fourth or fifth man, because the civil-service commission was convinced that we were anxious to get the right man. There was not any political party there, because all the interests were represented in the choosing of the men.

There are two principles I have already illustrated, civil service and representation of the interests involved, and the impartiality secured by this kind of a committee. Now, the third thing is that an employment office is not a charity proposition. You have to get that out of the people's heads. A lot of people still think if a man is out of work for any reason whatsoever if you take him to the employment office he will get a job. If a man can not hold a job, if he is too old or inefficient or can not talk English, it does not do any good to send him to a job, because he can not help it. The fundamental thing is to make of the employment office a business proposition and fit the man to the job. You have to do that first, and when you establish the employment office on a business proposition you get the employers coming to that office, because they know they can get the best men they want for the business. Then, after you have established your reputation for that, then, when a deaf and dumb man comes into the office, or a blind man, or a crippled man, you can call up the superintendent whom you know has confidence in you and you can tell him, "I have a handicapped man here; can't you find a place for him?" And in that way you can do the work of getting the handicapped man employment. But the essential principle must be that it is a business proposition. Every big employer of labor knows that he has to have an employment agent in his establishment. Now, just the same as every employer knows he has to have that, for the whole city there ought to be an employment agent to take care of all the work. The reason an employer has an employment agent; for instance the Allis-Chalmers Co., or the International Harvester Co., have an employment department, is this: Here is a department that lays off men; when those are laid off they ought not to leave the establishment, they ought to go into another department in the establishment, and they are sent immediately to the employment department to find that out. This same principle should govern in a city. If a man leaves the Allis-Chalmers Co. and there is work at the International Harvester Co. he ought to be sent to the employment office and sent there to get that work.

Another thing, a man may be a first-class worker, but he would not know the first thing about getting a job; just the same as a manufacturer may be a first-class manufacturer but he might be a very poor merchant. A laborer has two things to do: He has to work and know how to sell his work, and most of them do not know how to sell their work. On the other hand the small employer may be a very good manufacturer, but he does not know the first thing about hiring men, he does not know how to size them up and how to get the right man for the place. The assumption most of us have is that the private employer, unlike the Government, picks out the best men. As a matter

of fact he makes the most foolhardy picks, and the idea of the employment offices is to develop a set of specialists as employment agents, who can sift the men and who know only the employment business and who can pick out the man for the job. That is the third thing, the employment office, a business proposition, to fit the man to the job.

Now, the fourth proposition, which is absolutely essential in this, is to distribute information and not jobs. If you give a man work, if a man gets the feeling that he comes here and can get work, then there is a tendency to pauperize him. If a man comes up to the counter in one of our employment offices and he says, "I have been here three months and can not get a job yet," we tell him "You must be no good, if you can not get a job in three months. We have had jobs up every day on the board, and if you can not get them, there must be something the matter with you." We hand out information where there are jobs. We never give a man a job but tell him where there is a job of the kind that he can do. That is an essential principle that must prevail in an employment office.

Now, to come to a concrete suggestion, there has just been organized an American Association of Public Employment Offices. This association was started by the mid-Western States with several purposes in view. The most important one was to have uniform methods of doing business. You would be surprised at the number of methods that prevailed in these 70 different employment offices in the country. There are probably 65 different methods. Some keep records and some do not, and so on. The idea here was to learn from each other, if one employment office got a new idea as to how to handle a certain kind of labor, the other offices ought to know that immediately. And another thing, in order to compare the work, in order to get cooperation, you have to have uniform methods. Now, when you speak of uniform methods of bookkeeping, say in an employment office, the ordinary reaction of the person to that, is, well the business of an employment office is to get a man a job; you do not want any bookkeeping methods in there. That is what has happened in practically all our offices. We have had very few records kept. Just as it is important in any business to have a bookkeeper to know where you are at, it is important to have bookkeeping of the very best kind in an employment office. You do not deal in dollars and cents, you deal in man and jobs; but you have to have a bookkeeping system in order to know where you are coming out, and also to know whether you are getting the right man into the right place.

One object of this association is to have all the employment offices adopt a uniform method of keeping accounts. Another is to improve the efficiency of the office, in the sense of handling different classes of labor. Another is to get the transfer of information between offices; another is to transfer laborers themselves between the States. This association has an executive committee, made up of one man representing the employment offices in each State. We have nine States represented and three Canadian Provinces. This last convention decided to have an investigation made of all the different methods used in running employment offices in other countries and in this country and of the policies of administration which prevail and to recommend at the next convention some uniform system for discussion and approval by all the offices.

Now what we are doing with this association is what the Federal Government ought to do. It is because the Federal Government has not done it that we have organized this voluntary association. The State governments even will not do it, and to show the need for it and the earnestness with which the people have gone into it I might tell you that the people who have organized the association, although public employees, to pay the expense of the thing, had to go down into their own pockets to make it go. That is a thing that the Federal Government ought to do.

My concrete suggestion to your commission would be not to study the general problem of unemployment. If you want to make a report on it, get Mr. W. H. Beveridge's book or get my report, and that will be as good as you can get, and then put a man or two men or whatever you have to make this kind of a study which we are making of the uniform methods in the office and how the Federal Government can cooperate with them for the distribution of labor, and taking the first step in dealing with unemployment, bringing the man and the job that is open together and when you have done that, then you will be throwing onto the community the next problem, and the next commission that follows you can take that up.

Commissioner O'CONNELL. What do you do with the farm hands?

Mr. LEISENBERG. I am glad you asked that question. At the present time we do not specialize with the farm hand—that is, we have not got one man who does no other business except with farm hands; but we do attempt to get the farmer help. One reason that the farmer can not get help, aside from the fundamental causes which Mr. Quick spoke of, and those causes are fundamental and those are things which can not be remedied by an employment office; do not mistake me on that point; but what Mr. Quick said in regard to the floating labor on the farm is true, not only of the farm hand, but it is true also of the railroad laborer and the lumber jack and the ice laborer and the construction worker, and even in the factories you are approximating this hobo migrating type of wage earner.

I think that is one of the most important things that reveals itself in our industrial life at the present time, not that you have these flare-ups that make strikes, but that you have a mass of five or six or ten million men who are not working steadily and who are hopeless, roving men, going from place to place. And if I may be allowed by way of digression to suggest something, the reason these laborers migrate is because they have not got any incentive to work. The thing that you hurled against the Socialists was that under socialism there would be no incentive to work. That very thing is happening right now. For a large mass of common laborers there is absolutely no incentive to work. They work a month and then they get back to the city to spend the money, and you ask them, "Why didn't you stay on the job?" And they will reply, "I could not stand it." It was not in them. There was not any reason why they should do that. Now what is happening to those fellows? They have not any incentive. What does that mean? It means what we are so often afraid of with regard to capital. Suppose you have stringent legislation in the way of insurance, you put burdens on capital, and it is timid and will be driven away, it will not stay there, it will go out of the country. That is exactly what is happening to your labor, it is getting timid, there is not enough protection, there is not enough return on their labor for them to invest their labor; so the laborer refuses to invest and moves on and keeps moving on. Employment offices will not remedy that situation.

Commissioner WEINSTOCK. Is not the fear of hunger in itself a sufficient incentive for him to work?

Mr. LEISENBERG. Yes; but only until he can get his stomach full and then he will stop.

Commissioner O'CONNELL. You believe then that the solution of the whole proposition is the proper organization of employment offices?

Mr. LEISENBERG. No; I was just saying I do not believe the employment office can solve the proposition. The reason I do not want you to go into solving that is because, supposing you did find a reason for this thing—

Commissioner WEINSTOCK. What thing?

Mr. LEISENBERG. That the laborer refuses to invest; I think the basic problem is that the laborer at one time refuses to work and at another time can not work.

Commissioner O'CONNELL. I am speaking now of the opportunity to work. Do you know whether he wants to or does not want to? Say he wants a job, what is your remedy for that? I want a job now and want it bad, what is the way to remedy that?

Mr. LEISENBERG. The way to remedy the unemployment problem, in my opinion, would be the way capital gets a return on its property that is unemployed. In other words, it gets profit when it is not at work. An electric-light plant is not working now to fill those lights, but the plant must be ready at any time to meet the demand, and the theory of the courts is that you have got to give the owner of that electric-light plant a profit not only on the property which is actually being used now but you have got to give it a profit on that capital which is idle. And the same way you can get that in the public service, your fireman and policeman—the fireman who is waiting for a fire to occur is not unemployed; he is waiting and ready to go to work, and you do not consider him unemployed. You pay him in all other industry. You consider the man who is waiting to go to work as unemployed. You are organized like the volunteer fire department; that is the way you treat the unemployment problem; that he is only working when he is actually doing the job by the hour or by the day.

Commissioner O'CONNELL. How are we going to get him work?

Mr. LEISENBERG. If you want to know how to remedy that proposition; I may state that, for example, all the industries in the country ought to be owned

by the Government, and everybody ought to get a month's vacation the way I do. I have a month's vacation and I am unemployed and do not worry about it at all—

Commissioner O'CONNELL. I do not agree with you on that proposition.

Mr. LEISEN. Just a moment. That is the fundamental remedy in my opinion. If you recommended that, where would you get? You would get nowhere.

Commissioner DELANO. We would get it in the neck.

Mr. LEISEN. Yes; that is why I say you have got to get down to the practical proposition of what you can do now, and public employment offices are a step in the direction of accomplishing the thing that I stand for or the thing that you stand for. Under any system of government or any system of industrial society or organization, you will have to have agencies for distributing labor; and so I say do this thing now, because it is the most important thing that you can do now.

Commissioner O'CONNELL. Would there not be another side; if agencies are successful in the distribution of labor from the employees' standpoint, how about an agency to distribute the jobs from the employers' standpoint?

Mr. LEISEN. It is the same thing.

Commissioner O'CONNELL. Why should it not work both ways?

Mr. LEISEN. Distributing labor is not perhaps the best term, but it is the term that is generally used. What I would rather say would be concentrating labor and demand, demand and supply, in one place, making a labor exchange.

Commissioner WEINSTOCK. A clearing house?

Mr. LEISEN. That is the most important part of it. It is not only distributing labor.

Commissioner LENNON. You believe this problem of the unemployed is one of the great problems, if not the greatest problem?

Mr. LEISEN. Yes.

Commissioner LENNON. And you suggest this as a step in the evolutionary process, to finally get rid of that problem?

Mr. LEISEN. Yes.

Commissioner LENNON. Do these public agencies charge a fee to the laborer?

Mr. LEISEN. Not now. There was one in Los Angeles that did. That is a thing which should be investigated. Some people believe a fee should be charged in order to keep the tramps out. My experience is that it is a mistake. If you have the right people to run the office, who can maintain discipline in the office, you do not need it, and, on the other hand, the fee works a hardship. Sometimes if you are only making the fee pay what the service is worth, you will keep the man from getting the job. We have many cases where the man has absolutely nothing. As a matter of fact, a man does not go to work as long as he has 15 cents in his pocket.

Commissioner WEINSTOCK. Another thing, in the State of Wisconsin are these public agencies municipal or State?

Mr. LEISEN. We have a law by which the industrial commission administers them. We think it is essential to have a State system. In fact, a national system would be better, but next to the national we have a State system, and we have a law now by which any municipality or village or county may enter into an agreement with the industrial commission of Wisconsin jointly to maintain an employment office.

Commissioner WEINSTOCK. In other words, the State subsidizes the locality?

Mr. LEISEN. No; the way it is usually done, the locality furnishes the quarters and telephone service and all those expenses, and the State pays the salaries and the administrative expenses.

Commissioner WEINSTOCK. Then you have to have State legislation to begin with?

Mr. LEISEN. Yes; I think State legislation is essential.

Commissioner WEINSTOCK. Of course, you can furnish copies of your bills that have been passed?

Mr. LEISEN. Yes; and I have a number of things here. I do not know how far you want to go with it.

Commissioner LENNON. Would you be willing to give just the gist of what you have presented in writing, and send it to our expert?

Mr. LEISEN. I have put an outline before your commission.

Commissioner LENNON. I have not seen it.

Mr. LEISEN. One point I had not brought out, and that was the distribution of farm laborers. You will not solve the problems Mr. Quick has spoken of by employment agencies, but here is the point with regard to getting farm

hands on farms. Railroad camps and lumber camps are farther away from civilization than farms are.

The conditions of employment in railroad camps and lumber camps are worse than on the farms, and yet ordinarily the railroad company and the lumber company have all the help they want. That is, they can not keep them steadily, but they have one gang coming and one working and another going, and they always have one working anyway. Now, why can they get it, and why can not the farmer get it? It is merely a question of organization. The lumber company when it wants men comes to our employment office in Milwaukee or writes to us there, and we tell them the best way is to send a man down and sit here a day and you can get 50 or 100 men, pick them out yourself. If you can not send a man down, telegraph transportation to the office and we will pick out the men and see that every man has enough baggage to pay for the cost of transportation, and we will send a man down to check the baggage and send you the checks, so you will be sure you get the man there, and then you are able to get the help. Now, railroad companies and lumber companies are able, through employment offices, to secure labor. Some of them run their own, sometimes railroad companies run their own employment agencies, and sometimes make contracts with private agencies to supply them with labor, and these men know when they want a job, they go to Chicago, Duluth, Detroit, or Milwaukee, where the labor market is, and they are shipped out. If the farmer could go in the same way and get his men from an employment office, he could get the same laborers and same kind of men to go out on the farms.

Now, this letter which Mr. Quick read from Mr. Taylor about an agricultural employment bureau, the idea of that would be to have county agricultural agents and then have division men from the college of agriculture at different parts of the State and have them gather together the demands for farm hands in the same way that the lumber company does, and then send it to the employment office and have the men sent to the farms in great gangs, just the same as they do to the railroad camps. For example, if the farmers in one town get together and say they need 100 men, and if they send an agent down to the city of Milwaukee and he spends two or three days there he could pick up 100 farm hands and take them all back if he would advance the transportation for them. You asked the question about transportation. I have some data on the question which might be interesting. Most of the shipping we do from the Milwaukee office is done by an arrangement with the railroad companies, so that we get the transportation directly, and that is we just go down and tell them we are from the employment office, and they have an order from the firm to give us all the transportation we want, and we check the baggage. That part I do not count, but the money actually handled by our force during the year ending November 1, 1913, was \$920, close to \$1,000 actually handled, and money turned over to our superintendent at Milwaukee by employers who advanced transportation.

Now, in a comparatively small city like Milwaukee that is quite a lot of money, especially if you count in that we send about four or five times as many men on transportation that is advanced directly to the railroad company as the amount of money we actually handle.

Commissioner GARRETSON. Your idea would be the extension of what we might refer to as the Wisconsin idea over the union, so that Georgia and Montana might bear the same relation to each other that Oshkosh and Ashland do.

Mr. LEISERSON. That is quite correct.

Commissioner WEINSTOCK. What, if anything, has Wisconsin done along the line of furnishing farm labor?

Mr. LEISERSON. We furnish in Wisconsin about 2,000 agricultural laborers, as we call them. That includes some truck gardeners and some hay hands and some people who do sugar-beet work. But ordinary farm hands—the hired men—I should say about 1,200 a year, so far when we have made no special effort. What we have done so far is to cover within a radius of about 100 miles of each of our offices, and we have an office at Oshkosh, one at La Crosse, one at Superior, and one at Milwaukee; within a radius of about 100 miles we do quite a big business in supplying farm hands. We encourage the farmer to come to the office, and we have a room for him, and he talks to the men one by one and takes them with him.

Commissioner O'CONNELL. What is your experience in the matter of getting the same person a job; for instance, suppose I wanted a house girl and I came along and you had a number and I took one away and I came back the

next morning and found the same girl, and the next morning I would find the same girl, how many times do you give the same girl a job?

Mr. LEISEN. We had one man who is working for your commission here studying the problem who came to our Milwaukee office and copied the record, and one man in the course of the summer had 84 jobs, and another man in the course of about a year and a half had 72 jobs.

Commissioner GARRETSON. How many of those were really casual employments?

Mr. LEISEN. Practically all of them.

Commissioner GARRETSON. I would like to hear that answered as to the man who was looking for a steady job or was assigned to one.

Mr. LEISEN. I should say that more than half of the people with whom the employment office deals are men who come back over and over again, more than half; in fact, we expect a man to come around every three or four months. Now that is plain, if you know anything about the problems of unemployment. About half of the people work steady from year to year. Out of every 100 people 50 or 60 have continuous work.

Commissioner GARRETSON. Are there that many?

Mr. LEISEN. I think so. The rest are laid off from time to time. Now, the men who are laid off are the less efficient.

Commissioner LENNON. Do you find through your work that some of these casual laborers are cured of that habit and become permanent laborers after a while?

Mr. LEISEN. I should say a very small proportion, and those men are mostly foreigners who have an incentive in the way of a family abroad, and who become casual laborers because they did not know the language, and they have knocked around, but when the time comes and they have acquired the language they have also acquired habits of casual labor that makes it very difficult for them to stand up against, but some of them, a very small proportion of them, do.

Commissioner LENNON. Have you hopes that development in time will help the matter?

Mr. LEISEN. Yes; partly in this way. We have a record of every man we send out of the office. I will leave with you, Mr. Chairman, a list of our records. We have just one card for a man; this is an application for employment. Every time we send him to a job we put on the back of this card the employer he went to, the occupation, when we sent the man, and next day we telephone or write the employer and find out what happened to the man, did he go to work, etc.

Now, if there are men—and there are a large number of them—who want to make half a dollar, their incentive is to get the next meal; hunger is their incentive; we send them out and tell them there is a steady job. The man does not say he does not want a steady job. The men, if they would say they did not want a steady job, we would know that they were casual laborers, but one comes along and says, "Yes, I will take that job," and we send him out and he works three hours and gets 75 cents and quits, and he spoils that job for a man who wants a steady job, and it has given our office a black eye. We get that report and verify it. We take no employer's word, because we find that the employers lie and the workmen lie, and we verify those things.

Commissioner LENNON. For the truth they go to your office.

Mr. LEISEN. Then when a man comes back to us two or three months later he does not know about this, and he asks us for a job, and we ask him for his name, and we keep all these cards and we take it out and there we see it, and if he does that once we tell him, "You spoiled the job; you may not have known about it, but you have spoiled the job for another man and given our office a black eye, and you must not do it again. If you do not want a steady job, if you want a short job, we will give it to you." If he does it again we tell him, "You need not come here; there are plenty of men who want these jobs and who do not act as you do," and ordinarily we tell him we will not give him any more information about jobs for three or four or five months, and in that way we are tending, not to remedy the problem of the hobo and the tramp, but to throw them on the community and make it more difficult for those fellows to make a living, and then it is up to the community to see how they can handle those people. But the people who actually want to work, no matter for how short a period, we are able to get them work much better than they can for themselves.

Commissioner WEINSTOCK. Briefly, then, your bureau is a bureau of information and not of reformation?

Mr. LEISERSON. Absolutely; we distribute information.

Commissioner WEINSTOCK. You do not attempt to deal with the unfit?

Mr. LEISERSON. Absolutely not, except quite incidentally. Now, on that question of information I might take a little more of your time. Every employment office in Wisconsin, and there are four of them, makes a daily report to our central office in Madison on a sheet like this. This is a classification of the occupations and industries, following the United States census, but following it down to the business we do in Wisconsin. That comes in every day to the central office by industries and occupations and also by offices. There is a white one like this for the women and a yellow one for the men. That comes to me in Madison, and I see that Superior has a big demand for laborers in the woods and not very many applicants have registered. Immediately I see that that demand from Superior is brought in touch with the supply in Milwaukee, and I get in touch with the firm and tell them that laborers may be difficult to get in Superior now, but in Milwaukee we have a certain number of men who can do this work. At the end of the month these are tabulated by a statistical force in the Madison office onto a sheet of this kind, which summarizes the business for the whole month. It gives the supply and the demand and the number of positions filled by cities and by industries and by occupations.

Now, that can not be used for general distribution. Most people would not understand it. But for us that summarizes the whole thing very nicely. What we do is to take that and write a labor-market letter summarizing that information. For instance, here is the heading for October, "Labor-market conditions. Slackening demand and an increasing supply." It is only about one page long, so that the whole of it can get into the newspapers. That is an attempt to distribute accurate information about the labor market. The ordinary thing that happens is that when a farmer needs a farmhand or an employer needs some labor he tells it to the newspaper man, and the newspaper man says, "1,000 men wanted in this place, and a great demand for labor," and the tendency is for people to come there. That is actually what happened with regard to the harvest hands, and by the time the harvest hands got out there there was an oversupply of harvest hands.

Commissioner WEINSTOCK. That is, they have feasts and famines?

Mr. LEISERSON. Yes. What we attempt to do is to distribute accurate information in regard to the labor market.

Commissioner O'CONNELL. How do you avoid the strike business in case an employer comes to you when there is a strike?

Mr. LEISERSON. The policy of impartiality in labor disputes was decided in this way, and it is the practice that employment offices in Europe have had to follow after years of experience. When there is a strike we are in touch with all the union people, and we tell them to notify the office immediately when there is a strike. When that is done we tell the employer that there has been a strike called to our attention. Very often we do not get word from the union men, but suddenly an employer calls for 50 carpenters, and that is suspicious; so we ask him if there is any trouble on, and they know us now. At first we had difficulty in getting the information, but now we have no trouble at all, and they tell us that there is a strike.

We get a statement from the employers of the strike and of the workmen, and the job is listed the same as any other job; it is put upon the board. "Wanted 50 carpenters, strike one." Then any man who wants to go there, we tell him this is the place, and they are striking over there. As a matter of experience we have had practically none who would go once they were told there was a strike. Perhaps they would go without our knowledge, but no one would ask for a card practically to go to a strike-breaking place. I think we have had 10 men in all our two years' experience, and we handle about 40,000 men a year; so you can see how much of a problem it is.

Now, another point in which you would be interested, I think: When these labor-market letters came out in the city of Milwaukee last summer, there was quite a lack of labor, and we just said so in our labor-market letter, and some of the union men brought it before the Civic Federation of Labor, the fact that we were advertising that there was a lack of labor in Milwaukee, which tended to bring a lot of laborers in, and which would put wages down, and so forth, and a resolution was introduced in the Federated Trades Council, as they call it there, to ask the Industrial Commission of Wisconsin to suspend the publication of this labor-market letter. When that happened, the repre-

representatives of the Federation of Labor asked me about this, "Is not that the fact, that it tends to bring laborers in?" And I said, "No, by no means," and I showed them our letters, the way they go out to the press, and I told them the question is not between having our labor-market letter and no labor-market letter.

If the industrial commission has no labor-market letter, then the employers of Milwaukee, every time they need help, or the Merchants and Manufacturers' Association, would get out a letter that there is a great demand for labor in Milwaukee. What actually happened in Milwaukee was that there was a great dearth of foundry laborers, and our letter said foundry laborers in Milwaukee are practically impossible to get at 19 cents an hour. Now, that goes in at 19 cents an hour. No foundry laborer from Detroit or Chicago will come to Milwaukee because there is a great demand for foundry laborers when he knows the wages are 19 cents an hour, because the wages are higher in other places. That gives him the accurate information. If we do not give that out, then the Metal Trades Association would get out an advertisement, "Foundry laborers wanted in Milwaukee, good wages paid." That is the way the ordinary "ad" runs. And when that was explained to these men, and the copy of the labor-market letter was read before the Federated Trades Council, the resolution was withdrawn. The employers with whom we have had to deal have had no objection to our publishing letters of that kind. If they had, they never told us anything about it, and they give us their patronage, and they think it is the fair thing to give accurate information about the employment situation.

Commissioner WEINSTOCK. What effect do these public employment offices have upon the private agencies?

Mr. LEISENSON. I am glad you asked that question. We have gradually taken up a little bit of the business of the private agencies. When the industrial commission took over the employment offices, that was in 1911, when we began to organize these, we had been in existence for nine years before that, and an investigation was made of all the public offices, and we went to the private agencies to see how they were running their business and we asked them what they thought of the public offices, and they told us, "We don't know they are in existence, we do not feel their competition at all, we do not know they are existing." After we reorganize them according to the methods I have spoken of here, about eight months later all the employment offices in Milwaukee got up a petition and signed it and sent it to the secretary of state, who was then issuing the licenses, and protested against taking their money as taxpayers, a \$100 license fee from each of them and putting that into an employment office which was competing with them and putting them out of business. From their point of view that is a very fair objection. Their point of view is that the distribution of information about labor conditions is a private business, and they ought to be able to make a living at that particular business. But that showed what the effect of the movement was under the reorganization, it was taking their business away. We have taken away practically all of the business in Milwaukee of the man that handled the regular floating hobo labor, the railroad work. We have not touched anything with regard to the immigrant labor, but recently we have hired an interpreter that speaks all the languages, and now we are gradually getting away that business, but we can not put them out of business by competition. I think that is settled.

The reason is this, that the employment office business is a peculiar one. A man runs a little candy store or a saloon; if he has one or two foremen in a big factory who are his acquaintances, with whom he can divvy up, he can make about \$3,000 a year, and that is pretty good wages. If he sends out not more than a thousand men a year, and that is a very small number, the way these gangs work, he has one or two people to call upon him for help and who discharge men at the end of a month very often to make room for others, and he gets out of these men a commission, during the summer time, from unskilled immigrant workers about \$4, and \$2 goes to the man who hires the help and \$2 goes to the employment agent, and in the winter they pay from \$9 to \$10 for their jobs. Now, a little fellow running a candy store or a saloon runs that on the side and makes two or three thousand dollars on it. So no matter how much of a public business you have you can not compete them out of business, and so you must have go with the public agencies a regulation of private agencies under the jurisdiction of the public offices. Now, private office men will tell you it is not fair to compete with them or to give their

competitors control over them. From their standpoint that is true. They look upon it as a private business and that the Government is invading their field of private business and is competing with them, and their competitors should not be given control over them, and those private agencies have in most States, as, for example, in Illinois, been able to have a separate department run those employment offices from the regulation of the private ones. They say it takes a crook to catch a crook.

Now, it takes an employment agent to catch an employment agent. You can not find out the abuses in the employment-agency business unless you are in it yourself, and they can put it over you every time; and that is why it is important that the people engaged in employment-agency business shall regulate the private agencies. And on that point I wish to submit to your commission some of the laws that have been passed on that question in Wisconsin and other States; and, in fact, this suggestion that I made about putting a man on the subject of the distribution of labor includes the establishment of a system of public employment offices and the regulation of private agencies. The two have to go together.

Commissioner DELANO. Do the manufacturers know that their foremen are accepting fees?

Mr. LEISERSON. In very many cases, no. In fact, there have been cases where, when it got higher up, the foreman was discharged. In some cases they do know and do not care.

Commissioner WEINSTOCK. Do the public offices handle domestic servants also—family labor?

Mr. LEISERSON. Yes; we have a woman's department and a man's department; and we have a common labor unskilled department and a semiskilled and a skilled department. If there are any other questions—

Commissioner LENNON. If you would come in every day we would all be Socialists, the first thing you know.

Mr. LEISERSON. Well, I would not object.

The CHAIRMAN. Is Mr. F. C. Croxton present, the president of the association of which Mr. Leiserson is secretary? I understand he has some suggestions or information to offer us.

STATEMENT OF MR. F. C. CROXTON.

Mr. CROXTON. Mr. Chairman and members of the commission, I am going to take a little different method than that followed by most of the speakers. I am going to start out by saying that I do not believe the commission will know just how far they will want to go in recommending machinery for the distribution for labor or for bringing together the man who wants a job and the man who wants help until you have made a thorough investigation. And I, as president of the American Association of Free Public Employment Offices, ask that you make such an investigation. We believe that unemployment is one of the big problems you have to consider. It is one of the fundamental causes of industrial unrest. We would like for you to make an investigation at an early date covering these points—that is, looking toward increasing the efficiency of public employment offices—if, in your judgment, they are found to be one of the best means of distributing labor and increasing the efficiency of the force, the records, and the methods of work. Second, cooperation within States and between States. I can say to you that within States where there are four or five employment offices at the present time, in most cases we know nothing about what the demand is in any particular locality until the end of the month, when it is merely statistics that are presented and nothing else, and they are not useful except just to add numbers together. Also looking toward the regulation of private agencies, to prevent exploitation of workers. That would include private agencies doing an interstate business and private agencies doing an intrastate business solely. A number of the public employment agencies that we operate at the present time are very efficient. A number of them are efficient in varying degree. If you can do anything to help us in the States to make them efficient we would be glad of your assistance.

The CHAIRMAN. Dr. Edward T. Devine, whom you all know is the chairman of the committee which recommended the legislation which resulted in the appointment of this commission to the President, and who afterwards promoted it in Congress, is present, and we would be glad to hear from him.

STATEMENT OF MR. EDWARD T. DEVINE.

Mr. DEVINE. Mr. Chairman and members of the commission, to take advantage of this introduction I should address you as my children, but I think you would take that as a very absurd liberty, and ask me to stop, before going further; but yet if I used that expression I would not be expressing more strongly than I feel, my interest in the commission, which, at least, if not parental, is sympathetic, and if I can be of any use it will be for a couple of minutes turning the hands of the clock back a couple of years, when, this very week to a day, a petition was in circulation asking the President to recommend to Congress the creation of such a commission. The atmosphere was thick at that time with interest in the acute industrial situation. Now, those who took the initiative in securing the creation of a commission of this kind, as a thing which they believed would contribute more to social progress than anything else which could be gotten out of the widespread public interest, saw before the commission, if it was established, the greatest opportunity which could be given to any people, and I think that some of them, looking at it with interest and sympathy for the last two years, are now a little afraid that the one danger of not realizing fully upon that opportunity lies in the virtues and the breadth of interest in the members of the commission and in the suggestions which will be made to you by people like myself, who come before you to give advice. I myself am instructed as the chairman of a committee on social insurance to come here and ask you to spend a part of your quota of time to investigate the subject of social insurance, but responding as an individual to your invitation, I am obliged to say to you at the same time, if you accept that suggestion, I shall have a very poor opinion of your judgment.

One danger which I see before the commission is that under the pressure from people who are profoundly interested in important subjects, the idea will go abroad and may even possibly to some extent influence the commission itself, that it is a commission on the state of the Nation, instead of a commission on industrial relations. I, for one, Mr. Chairman, do not believe that "Safety first" is a good slogan for this commission. It is an admirable slogan for a committee on safety or a national council on industrial safety or for anybody who is primarily concerned with the prevention of accidents. It is so important a subject that I think any member of State or National commissions might easily be created on the prevention of accidents, and there are many ways in which that subject should be studied. But if this commission were to give a large amount of its time and energy to the subject, it would, I think, be misdirecting the commission which has been given to it. It should be investigated only so far as it has to do with unrest, with strikes and lock-outs and industrial disputes; and, in my opinion, while there is some relation between the two, it is not so direct or important as to justify a large part of your time and attention being given to that subject.

As I have just intimated, I am directly interested in the subject of social insurance, workmen's compensation, old-age insurance, and every kind of social insurance. It is a tremendously important subject and should have consideration by a commission appointed to investigate that subject and do nothing else. But for this commission to divert its attention from the question of the settlement and prevention of industrial disputes to a broad study of the subject of social insurance I think would be making a profound mistake. Of course, there is a relation between social insurance and industrial disputes, and that needs to be pointed out, and to some extent to be studied; but what I mean is, you should not accept any suggestion, whether it comes from my committee or wherever it comes from, that your agents should spend their time and you should exhaust your appropriation in making a very profound study of social insurance in all its phases and as to the proper legislation to be enacted. I feel the same way about country life and all its problems and I feel the same way about unemployment. I do not think this commission should devote much attention to that subject, for two very good reasons. In the first place there was a report published, and Mr. Leiserson gave you one reason why he thought it was a good report, because he wrote it. I may say in the same way that I know it is a good report because, as a member of the faculty of Columbia University, I participated in giving him a doctor's degree on the strength of that report, thus testifying to its accuracy and soundness.

The subject of unemployment should be studied in every conceivable way, and all of the available experience should be gathered up and put at the disposal of the people who are especially interested in that subject. But for the

other reason which Mr. Lelerson has mentioned, it seems to me it is not a fundamental or even an essential part of the work of this commission. In explaining the administrative work of the Wisconsin commission, Mr. Lelerson pointed out that it was regarded as fundamental that the getting of the job should be entirely separate from the conflict between labor and capital; it is a distinct thing. That action is only an evidence of their appreciation of the fact that it is a distinct problem. So it seems to me it should not engage a large portion of your attention.

The subject of welfare, Mr. Fitch made some reference to it and some questions were asked, and Mr. Fitch's opinion was asked as to how far the commission should go in investigating that subject, or what conclusion it should recommend. My advice is, cut it out altogether. It is not so important, it does not have so direct a relation to the question of strikes and lockouts and disputes and misunderstandings that it can legitimately claim any considerable part of your attention. It is irrelevant in my opinion to your discussion. It is exceedingly important to the employers, and it is exceedingly important to the immediate employees concerned, but not an important work in the immediate program which is put before this commission.

Now, having expressed this opinion in the negative on some propositions which have been made to you, and the same line of reasoning will apply to many other suggestions which other people will make, it is but fair that I should, perhaps, try to formulate, in a word, what the specific thing is that it seems to me you were appointed to investigate. I think it is written large in the act of Congress by which the commission was created. Why are strikes? How settle strikes? How prevent strikes? How make strikes unnecessary? It seems to me in those four questions you have an outline of the specific task which lies before the commission. Or if you prefer to express it from the point of view of the employer: Why discharges and lockouts—how may those be prevented? How may greater stability of employment be secured? How may the unnecessary loss of workmen be prevented, when the quality of their work is satisfactory, merely because of some labor unrest, because of some participation by a labor agitator, or whatever it is that is causing the disturbance of the relation which the employer would like to have continue to exist? Or if you want to put it from the point of view of public order which was so forcefully brought to the public mind just after the McNamara confessions and all the discussions which arose out of that: Why violence? How control violence? How prevent violence? I do not like to add the fourth question: How to make violence unnecessary?—because as a law-abiding citizen, I assume it is never necessary, but to put it this way: People have grievances, and how to cure them, and what means are created for discovering what their grievances are, or bringing them to light; in other words, how to establish and maintain industrial justice?

You are authorized to investigate the condition of labor. Various things were added to the act for the purpose of giving the commission the broadest possible power to investigate any aspect of the subject into which in your own judgment it might be necessary to go. But the crux of the investigation and the questions which must be answered by this commission, if you are to satisfy the legitimate public interest which led to the creation of the commission, are these questions relating to the acute unrest, the violence, the disputes, the strikes and lockouts, and why those occur, how to settle them when they arise, how to prevent them and maintain mutually advantageous and peaceful relations, and how to insure such orderly and reasonable progress, such just and legitimate sharing of the product of industry as will make people unwilling to resort to those extreme measures—to strikes and to violence.

Now, in the running down of these questions you may have to go far afield; you may have to study Karl Marx and the socialist literature; you may have to study the labor press; you may have to study Papal encyclicals; you may have to go to the Old or the New Testament. I do not think any man would set a limit to the places where you should go statistically or in the form of witnesses whom you bring before you. But I think there are some things which are obviously and necessarily included in the study. I think the functions of the trade unions, their services, their actual operation, their methods, their finances, all of their internal management of their affairs, and the results that they accomplish are a necessary part of your inquiry. And I think that the activity of the Manufacturers' Association, its finances, its methods, the particular things that it does in connection with labor disputes and has done, should all be carefully and thoroughly investigated, using the full powers conferred upon you to send for witnesses and papers. Citizens' alliances and em-

ployers' organizations of all kinds, as well as labor organizations, should be brought before you, and with courage and thoroughness, with a determination to get at the bottom of the matter, you should lay bare the actual industrial relations of the present day and the relations of the employers and employees.

Why disputes? How settle disputes quickly, reasonably, and with a minimum of hardship and suffering and disturbance? How prevent disputes, and how insure that our modern legislation and State administration and judicial acts shall all be so shaped as to insure the maximum degree of justice and progress and prosperity to all the people concerned? So that I feel that on the work of this commission my mind is a harp with a single string, which is very much broken and is worn by frequent repetition of it, but if I have any one piece of advice or message to give, it is to concentrate upon the nature of industrial disputes and to go wherever it is necessary—to Dublin, if necessary at the present moment, to Calumet, to West Virginia, to Colorado, to Patterson, to places that have recently been storm centers of industrial conflict, even if they are not so now; Lawrence, Little Falls, and so on. I think that this commission at the present moment should have its own agents investigating the disputes that are in progress at the places where they are in progress, and during the time that they are in progress, and that you should not be doing that by calling witnesses before you in public hearings, but with the most expert service under the control of your own commission or with the cooperation of the Department of Labor you should be getting at the real facts of these controversies and discover what their nature is.

We all know it is not merely a question of wages. I happened not long ago to be asked to act as an arbitrator in a labor dispute. I did not know what it was until I arrived at the place of meeting, when there was placed before me a signed agreement, signed by the employers' association to which the employer belonged, and their union to which the employees belonged, in which they definitely agreed to submit to me and abide by the decision as to the question whether the employer had assaulted one of the workers, and if so, what damages the employee should receive if the employer, as the union charged, had disregarded his agreement and violated it and continued it persistently for a number of weeks, and if so, what damages the union should receive for such violation, and finally what changes should be made in the agreement between the employer and the union in that particular case. It is amazing that any employer should be willing to submit questions of that kind to an arbitrator. It is amazing that an employer or union which felt that it had been damaged should be willing to submit such a question; and yet there was laid bare the kind of things which are causing industrial unrest, and which are causing disturbances. There was even some little violence before that particular arbitration was concluded, but it was concluded finally to the satisfaction of both parties, and the employer paid the damages assessed against him and put himself under heavy bonds to observe the terms of his contract in the future.

If that and a few other experiences I have had are at all typical, they indicate that the reasons for the unrest are very much more complicated—and all of those reasons of course will be very well known to the gentlemen who have been associated with the labor movement; they are very much more numerous than the general public at all understand. And if this commission can as a result of its labors set forth the real nature of those causes of friction and can, from the ends of the earth, if necessary, or out of your own brains, devise means by which they can be settled with less suffering and expense and trouble than they are now, I think the commission will have served the purpose for which it was appointed.

The CHAIRMAN, Mr. L. A. Halbert is with us. Mr. Halbert is superintendent of the Kansas City Board of Public Welfare, and one of his activities is unemployment, and seasonal employment, and he has some suggestions to make to the commission.

STATEMENT OF MR. L. A. HALBERT.

MR. HALBERT. I am glad to follow Dr. Devine, Mr. Chairman and members of the commission, who has set forth so clearly what it seems to me is the central or starting point from which the work of the commission should take its impetus. I want to say what general things I have to say first, and leave what I have to say with regard to unemployment for the last.

You are here because there is strife, and an indictment or complaint has been made against the industrial system. It would start in an address urging the appointment of this commission that conditions had changed, so that the

industrial system we have is not adequate to meet all the exigencies of the present time. So whether we say the industrial system is defective or not, we ought to ask the fundamental question what it is expected to do. We have a system of industry controlled by private individuals, and out of the proceeds of that industry is supported every form of comfort and luxury we have as a people. Out of the proceeds of industry comes the support of the church and the school and from it comes the money for charity and every kind of thing that we have. We, therefore, depend on this underpinning of industry; and especially out of industry comes the bread and butter of the people. And the people of the Nation in recognizing this industrial system have cast their entire welfare, their entire living into the hands of an industrial system operated by certain private individuals. We therefore have to ask of it that it shall, in the process of its operation, supply us with all of those things. If there is a deficiency in any of those things we must ask the Industrial Commission why there is a deficiency in those things. And if there is strife, it is because there is a complaint, a feeling that a wrong has been done, or that injustice exists, or that the industrial system has not furnished the people what it ought to furnish. And where there is a strike and strife, it arises largely over the question of bread and butter or wages.

In the second place, the next thing that is most fundamental as a cause of strikes and strife is the feeling that there is a lack of justice, or that rights have been denied, or that there is no possibility of getting redress for grievances. And it seems to me that about these two things is the principal inquiry to be made about the wages, distribution of wealth, desire for support on the part of people who depend upon the industrial system, and the desire for justice growing out of the industrial system.

Now, let us find out whether the industrial system has furnished the people with a living, on which system the people depend for a living. It has been said by our Census Bureau that the average earnings of wage workers is \$455 a year, and it has been set forth by social workers and by Prof. Chapin in his book on the cost of living that it costs from \$800 to \$1,000 to maintain a decent standard of American living for a family. Of course, the gap between \$450 and \$800 to \$1,000 is made up partly by the employment of other members of the family than the single breadwinner, when there is more than one, so we can not say that all wage earners fall that far short of a decent living. But it has been borne in upon me that a majority of the people of the Nation have less than a decent standard of living, according to this standard which has been set down. Now, I tell you that is a terrible indictment against our industrial system. The majority of the people have less than a decent standard. The question of whether it supplies a decent amount of bread and butter for the people ought to be asked and answered, and if it does not we should find out why not. The question of the efficiency of the industrial system to provide the things we ought to have to eat and the equitable distribution of it in the form of wages should concern this commission.

The matter of a desire for justice is the next question. We have expected that the industrial system, when there were grievances and difficulties arising in it, would be able, through economic forces on the inside of it, to throw off these difficulties and would be able to solve them itself. What machinery has grown up in the industrial system to meet these demands that we should have a reasonable amount of support? Wherever there is a grievance the machinery by which it is settled at the present time, which has grown up inside, is the machinery of labor unions, trusts, and employers' associations, and the enforcement of the demands of these organizations is by means of strikes and lockouts and blacklists and union labels; and where these measures have been unsuccessful they have gone on with further penalties, to introduce sabotage or introduce violence or introduce other means to try to make effective what they regard to be the product of these organizations. This is the machinery which has grown up of itself. Is this a satisfactory machinery for dealing out justice and settling the problems? Is it adequate to give the people justice and solve the problem? I do not believe myself that unions and industrial organizations and employers' associations, no matter how much freedom to organize unions you may have, are a sufficient machinery for redress of the grievances which not only laborers have but the general public has in regard to the shortcomings of the industrial system.

If we are not satisfied with these measures—and let us say first if we are—if we are going to put our faith in this kind of machinery, then let the Government keep its hands off of that kind of machinery and say we will trust to that kind

of machinery. If some one by the operation of that machinery is killed, and there is violence, that belongs to the regular machinery of the State, and people are put in prison and killed on the scaffold; and if that is necessary in order to find the solution of these problems, may be that will have to happen. If we are satisfied with the machinery which metes out these tremendous penalties and suffering, and let that be in the hands of unions and employers' associations and industrial and economic machinery, let us have faith and depend on it. I do not believe in it or that it is sufficient. If it is not sufficient for the redress of grievances, what other machinery can we have?

Now, that theory that that is sufficient has gone a long way and has been embodied in our whole procedure, so that the courts say that we have this machinery, that it is enough, and therefore we ought not to interfere with it, and therefore that legislation to control industrial difficulties is unconstitutional and illegal, etc. Of course, I do not think this commission ought to be stopped by the fact that there are great legal difficulties. If there are great legal difficulties you should go behind them and remove the legal difficulty.

You should not allow the fact that a legal difficulty is in the way to stand in the way of saying if it should be removed. But if the idea has come to be accepted by the general public, and I think it has, that this machinery of internal and economic forces is not sufficient, and we must have government and regulation of industry to a certain extent, and we are having it more and more; if you could in some way sit up there as judges and put on some ermine and assume an air of antiquity, if necessary, in order that you might hand down some kind of an opinion that the courts could quote, for it has been said that the courts stop these things; when you go up to the court with regard to the reforms in a legislative way, if they could quote your opinion or do something which would add dignity to the opinion that the time has come when the economic machine is not sufficient, but that we need to have Government machinery in this thing, so that you could explode in the minds of the judges the idea—and I think that is about the only place it still remains—that you can not have Government regulation, but should have economic regulation, you strike a blow at the fundamental difficulty. We have not enough machines or means for giving redress to grievances. As long as people feel that they have no means of redress of grievances of course they are going to be bitter, and that is the cause of the bitterness, because they feel they have not the necessary machinery. And when you start out with economic machinery you can say it is unethical, and when you say we will provide Government machinery the courts say it is not constitutional. If you could explode that theory so you could get a free hand whenever Government regulation is necessary and say we will not go any further than is necessary, but that we have a perfect freedom to institute any Government regulation that is necessary, I think you would do the most fundamental thing you are here to do.

If you accept and rely on Government machinery, the question might arise, What Government machinery would I recommend that we should have to settle these disputes which are not adequately settled at the present time? I will speak of two lines. With regard to the wide extent of poverty and dissatisfaction and distress in the Nation, I think that is one of the things to which you must address yourselves. Now, then, the conditions on which business, if it is going to be run by private individuals, should be allowed to continue to operate is that you should fasten on it definitely the support of the people, so that that would be a condition on which it should proceed. How can you fasten the burden of caring for the body on the industrial machinery of the Nation? There are various ways, and I think chiefly through industrial insurance. You may not be able to devise directly the forms of industrial insurance. I was in direct sympathy with what Dr. Devine said, and yet I think you must look to some way of fastening on the industrial machinery the burden of supporting and taking care of the people.

Suppose the industrial lords and systems should say you should not interfere with them, we have a right to control our own business. Well, we have the right; we own our own business. What should we as a people say to a business that maintained that right and still did not support the people? We might come back at them with this thought: All right; you have your particular property and business, but how long would that control and the enjoyment of that right last if it were not for the policeman recruited from the ranks of labor, if it were not for the soldier recruited from the ranks of labor mostly, or if it was not for the citizen?

Suppose you own your property, you do not want it taken away from you. We would say, you take it and we will withdraw the protection you have for your property, and you can sit down and enjoy it yourself. How long would that property last? The next man would come along and say, "I want this property," and you would say, "Well, it is mine." The man would reply, "Who said so?" "The Government said so." "No; the Government has withdrawn from that kind of an agreement with you, and it does not say so any longer." "I believe in taking turns as we used to do when we were children, and you have had this for a long time, and now it is my turn, and I will take it." Don't you see where a man owning property would be? The very existence of his business depends on the fact that we are willing to guarantee that right with our blood, and with our policemen, etc.; so it is not unfair, in an arrangement of that kind, to challenge him and say, so long as the existing of your power depends on the guaranty we furnish, as a condition of furnishing the guaranty, we have a right to ask that a condition be imposed, and that is that ability should have enough to support itself.

Dissatisfaction and poverty come through low wages partly, and partly through the exigencies of old age, and partly through the results of accidents, and partly through unemployment, and all these other means. Suppose you say to an employer that he must, out of the proceeds of his business, provide insurance against unemployment, and that he must furnish funds to provide for old-age pensions, and must furnish accident compensation, and that he must furnish an adequate wage. We have not enough machinery to decide what wages ought to be. Of course the minimum wage is something, but the machinery of arbitration by which you could determine a just and scientific wage based on the idea of cost accounting would come nearer to what we ought to have, ideally.

Then the condition of what is a just wage, what compensation, what is necessary for the support of people, must be established. How? Well, to begin with, you must have publicity of accounts, and they must be kept in such a way that you can get at what the profit of the business is and what the cost of this and that and the other thing is, and this thing will never be settled until you settle that distinctly. How can you settle it unless you have the information, and how can you get the information unless you have all the facts and publicity of those accounts? After you have done that you have some basis for deciding wages. After you have provided, through minimum-wage boards and arbitration boards, some decision as to what is a just wage, then enforce it, and add that just wage to the unemployed insurance and to the old-age insurance and the sickness insurance, and all these other burdens which are necessary for the prevention of dissatisfaction, and say, now this is a part of the cost of operation and you have to pay that or you can not operate a business. Suppose a man should say, "I can not operate a business and pay all of those charges." Well, if he can not, he must charge more to the public, and if the public does not want his product of his business bad enough to help support the workers who are in it, they do not need it very badly, and if they are not willing to support the people who produce it, he had better get out of that business. If these people are not supported directly out of industry, what is going to happen? As a matter of fact they die; that is what happens.

The ordinary wage workers and unskilled people die about twice as fast as other people. It is a fact that it takes their lives gradually, when they are not adequately supported. What kind of an answer are you going to give? Are you going to make this indictment against the industrial system which allows that condition to exist? If you will hold out to the community that it is not a just thing, it seems to me you would be doing a good thing. You have to carry them out of charity, out of taxation, and so on, where it ultimately comes out of the business just the same. Why not charge it to the business in the first place rather than take it out afterwards by taxation and so forth, to take care of the destitute? Because nobody advocates that they should die. I have said all I care to about destitution.

With regard to the machinery for providing justice. The union that comes up with a grievance has perhaps some chance of having its grievance heard and some award made on it through an arbitration board or any other way, and yet they have great difficulty in organizing unions, and securing through the organization of unions what they claim to be their rights or justice. But what is more embarrassing is the complaint of the individual worker himself. Suppose he comes up to his foreman or his employer with a complaint. I had this brought home to me with tremendous force one time when I was in settlement

and home missionary work. I went to the home of a poor woman who had lived on a sand dune in a shack of a house to take her some kind of help. She told me she had a grievance about a mistake in her time at the factory where she worked near-by. She talked to me about her responsibility in trying to raise her two children; she was a widow. Then she asked me, and I had not proposed it, although I was willing to perform that kind of service as a church worker, if we could not have prayer. And she prayed and she said, "Oh God, take the bitterness out of my heart, so that I can be fit to be a member of society in the world and have the spirit which will make it possible," or some such language as that.

She went on to say, "Give me some way to get justice where I have this grievance," and she stopped and could not say any more. And afterwards she said to me she went to the man and complained about her time and said that she needed this money, and he put her off and would not make the settlement, and when she pressed her claim he said, "Well, if you don't like it get on out; there are plenty waiting at the dock who would like your job." Her grievance may have been small, but she felt that the machinery to provide a redress was not there. And if the spirit of bitterness remains, it is awful. It has been a fact, and is a fact throughout the country in general, where people have a small grievance they do not have adequate machinery for redressing it. It has been evidenced by the experience we have had in establishing a legal aid bureau in Kansas City. People come with their grievances against their employers; 20 came the first day it was opened, and sometimes now 65 or 70 come in a single day. As an instance, a man came into the bureau one day with this grievance: A man employed certain laborers in a restaurant, and he refused to pay this man and other men at the end of a day or two of work, and he said, "Your work has been unsatisfactory; you have been in the way around here. I don't owe you anything. You have had your food and that is more than you ought to have." Those men went back to take it out of his hide, as they say, and he brought them into the police court and they told their story to the magistrate, and he said there is a way for you to settle this. This is not the way—to disturb my peace. And what was the way? He could go to the court and put up \$3 for costs, sue the man and lose a day's time and have his friends there and have them lose their time, and thrash it out at a cost of \$30 or \$40 in order to get one day's wages.

When you come to realize the feeling of people who have grievances which they can not have settled except by the expensive operation of law you begin to have some idea of the acute sense of bitterness in their minds when they would have absolutely to lose money or have it settled in any way the employer chooses. Against the fact that the employer in the large majority of cases would do the thing that was just is the very fact that he is at the mercy of the employer and does not have anybody to say, between him and the employer, what should be right is one of the causes of the feeling of bitterness and social unrest, and we must establish the machinery for the redress of grievances through Government agencies.

The CHAIRMAN. It has been suggested that we adjourn now until a quarter after 2, and we will now take a recess until that time.

(Whereupon, at 1 p. m., a recess was taken until 2.15 p. m.)

AFTER RECESS.

The commission met pursuant to adjournment at 2.15 p. m., with Commissioner Delano as the acting chairman.

The ACTING CHAIRMAN. Commissioner Walsh has been detained at another meeting and asks that we begin the hearing and asks me to act as temporary chairman. Mr. Halbert has not finished what he was saying.

STATEMENT OF MR. L. A. HALBERT—Continued.

Mr. HALBERT. I was saying that the principal evil or failure of the industrial system was the failure to provide support for the people and to satisfy their demands for justice or the means of redress of their grievances and that the original idea was that the industrial system would supply for itself the economic organizations and forces and machinery for righting these wrongs and that this machinery had proved to be inadequate and that it seemed to me that the commission would thoroughly establish that, so that the starting point for regulating these evils might be that of Government regulation rather than

internal regulation; that in changing the point of view of the base from which people started to remedy the evils of the industrial situation, that would be an important step forward.

I suggested then that if we were to have government machinery for this purpose, to begin with, to remedy destitution, we must have various forms of social insurance, and we must have arbitration boards to fix different rates of wages in some cases, and wage commissions to fix the minimum wages in other cases. All these things having been fixed as a burden upon industry, they must be carried by industry as a condition of its existence. Then that we should remedy the hunger and supply the demand for justice, by supplying more machinery in the way of boards of arbitration or inexpensive courts for the people who had grievances, so that they might bring them there to have their grievances righted, without having to spend so much money on litigation before they could get their grievances aired, and that that would satisfy more or less their desire for justice.

With regard to the particular problem of unemployment, I have not said anything, and I shall not say it, because Mr. Leiserson covered that so completely; but I want to call attention to one or two things.

If employment bureaus are to be a thorough-going and highly effective remedy for unemployment, it is necessary that we should have a complete chain of employment bureaus throughout the nation. It was estimated by the New York Industrial Commission in 1911, that there were 60 public free employment bureaus in the United States and they secured a total of over 300,000 jobs in a year. The number has perhaps increased since that time so that we may estimate that various public employment bureaus secure 500,000 jobs per year at the present time, but a bulletin on the statistics of unemployment and the work of employment offices, issued by the National Government, October 15, 1912, shows that the various tests which they applied to groups of workers in the United States indicated that from 10 to 50 per cent of the laborers in different parts of the United States were unemployed part of the time during the year.

Perhaps there were 25 per cent of all the people engaged in gainful occupations in the United States who suffered from involuntary unemployment at some time during the year. If there are 40,000,000 people in the United States engaged in gainful occupations, and 25 per cent of them are in the state of involuntary unemployment during a part of the year, then there must be 10,000,000 unemployed people in the course of the year who should be furnished jobs, while the total number of jobs secured by public employment agencies is only half of 1,000,000. In other words, only one-twentieth of the unemployed people could be served in the course of a year by our free public employment bureaus.

When you consider that various unemployed people get several jobs through the employment bureaus in the course of the year, and that the other people not served by the employment bureaus need more than one job apiece to keep them at steady occupation, it is easy to see that less than 5 per cent of the unemployment in the country is touched in any way by our employment bureaus. From all this it can easily be seen that the number of employment bureaus must be greatly increased and the volume of business done by those already in existence must also be increased until we have a complete system of employment agencies throughout the nation.

Employment bureaus offer no way to control effectively the evil of unemployment until they can secure control of enough of the total opportunities to work, and direct the movements of all those seeking employment to such an extent that they may be said to control the labor market of their community or of the country. They may perhaps be extended to something like these proportions by the methods already used to build up such employment agencies as we now have, but their ability to get control of the labor market would be considerably increased if they could become the agencies for administering some form of unemployment insurance. This feature will be elaborated under the head of unemployment insurance. One of the principles which it is necessary for public employment agencies to observe is that of strict neutrality in case of labor disputes and full publicity in regard to the existence of all labor strikes or other labor troubles in any proposed place of employment.

PRIVATE EMPLOYMENT AGENCIES.

Having discussed public employment bureaus, I wish to call attention to some facts in regard to private employment agencies. Mr. Walter Sears, superintendent-

ent of the Boston Public Free Employment Bureau, reported at the Chicago conference that when his agency began to operate some six years ago, there were 135 private employment bureaus in Boston, and since that time, the number has been reduced to 90. Kansas City has 49 employment bureaus, public and private, and 19 of these are free employment agencies, 1 being conducted by the State and another by the city; several by philanthropic agencies; and some by business colleges and typewriter agencies which make no charge for their services. These free employment agencies get about two-thirds of all the jobs which are secured through employment agencies. All of the agencies of Kansas City get a total of over 99,000 jobs per year. The private employment agencies therefore get about 33,000 jobs.

As far as I know, there are no available statistics which show the extent of the operations of private employment bureaus throughout the country, but their numbers far exceed that of public employment agencies. They seem to be most useful in handling the higher priced positions. They do not seem likely to have any very important effect in reducing unemployment. The most fundamental weakness in connection with them is the fact that those most in need of employment are least able to pay the fees demanded by private agencies. Besides this, they are subject to the following abuses:

1. Collusion between employment agencies and labor foremen to keep the labor force shifting and thereby increase the number of fees collected for jobs; the foremen who does the hiring and the agency sometimes splitting the fees.
2. The placing of people already employed in new positions of the same or possibly better grade so as to fill two or three positions by the shifting process; some agencies even going so far as to undermine employees and offer new ones of supposed superior quality, all for the sake of the fee. This process works injustice, especially where the agency charges a per cent on the annual salary of those placed, whether they hold their positions permanently or not.
3. The charging of excessive fees to people because of their financial distress or necessities.

4. Misrepresentation in regard to the qualifications of applicants and of the character of positions, especially as to the permanency of positions, sometimes excusing themselves by saying that they can not get men to go at all to jobs that last only two or three days, and so they tell them that the job is permanent.

Private employment agencies therefore need to be supervised by the public authorities; and in Missouri, Wisconsin, Indiana, and perhaps other States, private employment agencies are supervised by the labor department. Mr. Duffin, superintendent of the public free employment agency in Terre Haute, Ind., reported at the conference that the private employment agencies of Indiana have to make monthly reports giving in detail the number of people for whom they secured employment and the names of all the firms who gave them employment, together with the numbers to which each firm gave employment. If they find that a certain agency furnishes most of the laborers for a given firm, and that they furnish a considerable number month after month to that firm, then they inquire to see if there is not collusion between the foreman employing men for that firm and the labor agency which furnishes the men. If they find that there is, the license of the employment agency is revoked. Mr. Duffin further reported that since he had been operating the public free employment agency in Terre Haute all the private agencies had been driven out of business. There seemed to be a general feeling that if private agencies were effectively regulated to prevent the abuses mentioned above and were compelled to compete with free public employment agencies they could not long continue to exist.

UNEMPLOYMENT INSURANCE.

The theory of unemployment insurance is very attractive, but it represents a line of reform which is very difficult to apply. I wish to make the following general observations:

Full indemnity for losses which occur through unemployment is impossible. Unemployment benefits can only be paid out of the surplus which is produced in times of employment. If there is no such surplus there can be no indemnity. So far as unemployment insurance has been applied it has only affected a comparatively few skilled workers and has been universally connected with organized labor. It has never reached the mass of destitute unemployed in any country.

Funds for supplying out-of-work benefits are raised among some unions in the United States by assessments on the members. Funds of this kind are sup-

plemented, by public subsidies in a few places in Europe. Voluntary unemployment insurance by organized workers might be encouraged in this country by a supplemental subsidy from the Government, or the Government might possibly offer to all patrons of public employment agencies certain additional out-of-work benefits, provided these patrons of the public employment agencies deposited assessments with the bureau as an insurance against unemployment, and all employers might be taxed a certain amount to go into a general unemployment fund, which tax could be in proportion to the number of employees belonging to that firm; and also the rate might be based partly on the risks of unemployment which were involved in the industry. This would supply some incentive to the industries to try to wipe out the rush seasons and other fluctuating elements in their various businesses and in that way tend to reduce unemployment.

A certain advantage might also be offered to all employers who would guarantee to secure all their help through the public employment agency. This would then enable the public employment agency to place the unemployed whom they were attempting to insure against unemployment. Of course, those who were insured against unemployment should be required to ask for work at a stated time each day at the public employment agency before they could be entitled to any benefits from the insurance fund, and if commercial employment could be furnished them, then the obligation to furnish them other work would disappear. If employers would have their assessments for unemployment insurance reduced by agreeing to get all their employees from the public employment bureau, and if workingmen could only secure the benefits of unemployment insurance by seeking their employment through the channels of the public employment agency, these would be powerful factors in enabling the public employment agency to organize and control the labor market. By thus getting control of the labor market they could measure accurately the volume of unemployment and furnish the data on which further action to provide for the unemployed could be based.

EMPLOYMENT ON PUBLIC WORK.

Unemployed labor is an absolute waste to society and the State should regard it as against public policy to support people in idleness, and should rather utilize the labor of the unemployed even though it is not quite productive enough to be entirely self-supporting. The payment of out-of-work benefits is no cure for unemployment. It simply recognizes and perpetuates unemployment. This not only wastes human resources but very much unemployment tends to the deterioration of the unemployed so that they may eventually become unemployable. Instead of paying "out-of-work benefits" in cash, the State could truly conserve our human resources by using the funds collected for unemployment insurance to establish industries which would utilize the labor of these men to some purpose, even though the industries were not commercially profitable, but actually had to be subsidized to a degree. By this plan the State would make the funds raised to insure people employment actually insure them employment, but never insure them support in idleness, and it would also make the insurance funds go along way and not make unemployment insurance seem a great burden on industry. This would supply a certain protection against destitution to any man who would work; but the State would not guarantee any man work at his trade or at his accustomed wages. This might seem to some to be a meager protection after all, but it would at least be a step and would protect the able-bodied worker from the necessity for charity and the public from any demand for charity from them. This plan is morally and economically sound.

If skilled and organized laborers wished to have a voluntary form of insurance which would furnish them out-of-work benefits without compelling them to engage in some crude labor outside of their trade, that arrangement might be accepted and moderately subsidized in lieu of any insurance guaranteeing crude labor in industries promoted by the State, and the State could establish this form of insurance for those who did not carry the other form of unemployment insurance.

I have already referred to the possibility of bringing some pressure to bear on our industrial system so as to cause it to make such readjustments as would tend to reduce the risks of unemployment. Besides offering to reduce the rate of unemployment tax to those who would reduce the risks of unemployment in their industries, the State might, instead of starting new businesses to utilize

the labor of unemployment, subsidize certain existing businesses out of the insurance funds so as to allow them to pay living wages and operate with the usual number of employees, when they might have closed if it were not for the subsidy. By both these methods employers could be put under some pressure to link up more seasonal occupations, such as coal and ice businesses, and give their workers employment summer and winter. Such adjustments would tend to put on the business heads of the Nation the task of reducing unemployment, and they are the people most able to solve the problem if we can offer them an incentive to do so.

COMPULSORY UNEMPLOYMENT INSURANCE.

Possibly compulsory unemployment insurance for casual laborers is impossible, but if the opportunity for unemployment insurance was universal to casual laborers it would create a rather strong moral presumption against the man who refused to take advantage of it, and a certain stigma, such as belongs to vagrants, would tend to attach to him, and people who did not carry cards which indicated their standing in this regard would be at a disadvantage in getting employment both from employers and from employment bureaus, and if they were charged with vagrancy or with any form of misdemeanor the fact that they made no effort to insure themselves employment would also operate against them. Those who would not avail themselves of unemployment insurance would be entitled to suffer some such disadvantages. Certain fixed fees or assessments could be collected from them without any effort being made to have those fees based on the amount of their earnings, and then there would be no need of trying to keep track of their earnings. If these men moved about from place to place over the country they could have their standing transferred from the bureau where they were last registered to the bureau in their new location if we had a national chain of employment bureaus.

I would like to say a few words about the advisability of trying to bring some pressure upon casual laborers to practically compel them to fall in with such a system as this. As I stood watching the hundreds of men who applied for free meals and lodgings at the municipal lodging house of Chicago during the conference, I noted that very many of these men were able-bodied and intelligent young Americans, and I inquired from the officers of the municipal lodging house whether many of these men had dependents to support, or whether most of them were unattached single men, and they gave it as their impression that the large majority of them were unattached single men. My own observation and the records in connection with our free lodgings and our employment bureau in Kansas City indicate that a large majority of the casual laborers are single, unattached men. Out of 2,008 unemployed men of the casual-labor class who were personally interviewed in February, 1911, by an investigator of the board of public welfare, it appeared that 11.30 per cent were married men having families, 75 per cent of which were in the old country, leaving only 2.8 per cent of the total number of unemployed men interviewed who had families in this country to be supported. It is a well-known fact to all workers who deal with this class of men that they periodically drift into the city with anywhere from \$25 to \$200 in their pockets, which they "blow in" for liquor and other forms of dissipation and return to work only when their funds are exhausted. Crude camp life, with none of the refining influences of home, and the saloons and cheap lodging houses of the city are responsible for many of the failings of these men; but these are the men who constitute the really pressing problem of unemployment in the cities, and I have only adduced these general observations about them to prove that it would not work any undue hardship upon them to place as much pressure as possible upon them to devote some of their earnings to making a provision for seasons of unemployment.

LABOR COLONIES.

Although no reference was made to the commercially unemployable people at the Chicago conference, yet until we reach a comparatively ideal state of society any complete scheme for dealing with unemployment needs some machinery for dealing with the backward and incompetent people who are really incapable of full self-support, especially under competitive conditions, and the other class of people who are criminally lazy or really unwilling to work, although this class is comparatively small. For the incompetent and defective classes there should be voluntary labor colonies or colonies with only a mild

degree of restraint and supervision, and for the last class of vagrants or criminally lazy people there should be compulsory labor colonies. This is not the place to elaborate upon the methods and uses of labor colonies, but I have merely mentioned them to complete the outline of a set of measures for dealing with unemployment.

Commissioner GARRETSON. If I caught your idea, it is virtually a plan whereby an agency, either governmental or otherwise, is required to furnish the necessary money to provide a living if the earnings do not do it. That is the plan that your ideas would resolve themselves into in their entirety, would they not?

Mr. HALBERT. But instead of caring for these people by charity, they should be made as nearly self-supporting as possible.

Commissioner GARRETSON. But assuming for the moment that your idea would produce an ideal state, if that is truly good, would it not be better if the Government assumed all forms of activity, took all the revenue therefrom, and returned the share to the worker, whether in wages or dividends, than to go only part way?

Mr. HALBERT. I get your idea.

Commissioner GARRETSON. If we are going to assume that form of the settlement of these questions, we might just as well take hook, line, and sinker. What I want to get at is, if what you have suggested is good, would not the other be better?

Mr. HALBERT. I would not advocate the proposition that we should junk the present industrial system and establish a socialistic system without trying to see first whether the present industrial system would not carry the burden that belonged to it.

Commissioner GARRETSON. In the real working out would not the plan you suggest bear precisely the same relation to what I assume you describe as the socialistic system, as a minimum wage bears to a full wage? In other words, this is a step in the other direction?

Mr. HALBERT. Yes.

Commissioner GARRETSON. And if it worked out fairly successfully, would it not be a proof that the whole program which you have referred to as socialistic would be still more desirable?

Mr. HALBERT. I think so; but in saying that I think that for the purpose, at any rate, of the education of the public it is better to try those plans, because the public will not believe the present system to be a failure on those things without at least giving it a trial.

Commissioner GARRETSON. You are going to let the industrial system stand in the relation that the Interstate Commerce Commission or congressional action stands with reference to railway labor questions. That is, they are the dog on which to try new things. Bear in mind I am speaking from experience.

Mr. HALBERT. I think the condition of labor, especially unskilled, unemployed, and destitute labor, would be improved by this process. I do not think it would be idle. You speak about making them a dog upon which to experiment. I do not see how they would be injured. If they would be injured I would not be in favor of it.

Commissioner GARRETSON. What appealed to me was this: The remedies all seem to me to savor strongly of the social revolution theory, while the means of carrying it out was reformatory, in a sense. If the laborer is entitled to the due proportion of that which he produces, why not put it on that basis, if this is only a step in that direction; if he is deprived of that by the present industrial system, why should not the other system be tried? Bear in mind that I am not committing myself to any form of belief. I want to get yours.

Mr. HALBERT. Yes; I understand.

Commissioner GARRETSON. If the object is to give the remedies that are said to exist in the revolution theory, why stop halfway with the reformatory measures?

Commissioner WEINSTOCK. When you say "revolution theory" do you mean socialism?

Commissioner GARRETSON. I am speaking of the terms that are ordinarily employed as a means to blot out the present system, by revolution—the social idea.

Commissioner WEINSTOCK. You practically have reference to socialism?

Commissioner GARRETSON. Yes. I am simply leaving out that word. Where I used it, I am simply borrowing it from the speaker. It appealed to me that

if you are going to use that as a remedy it might be better to apply it in larger doses.

Mr. HALBERT. Even if I agreed to that, I think the administrative difficulties of making an industrial system are so great that you would have to come at it through some such process as this, by which you acquire both the experience and the data on which you can do anything first. I do not believe you could frame a system such as you speak of without some such intermediate process, at any rate.

Commissioner WEINSTOCK. You mean that this is simply laying the pipes in the foundations for socialism?

Mr. HALBERT. Not necessarily. I believe that Government regulation is a different thing from Government ownership, and I advocate Government regulation. We have at the present time, at least by State law, attempted economic regulation, and socialism is still a different thing; and if economic regulation has been a failure, as I have contended before you that it is—and that is for you to investigate and find out—and Government regulation might be better, and it would offer less difficulty of realization than such a general socialistic movement as you speak of, although I do not think the commission should be at all afraid to ask any such fundamental question, whether they want to have an entirely new system or not.

Commissioner O'CONNELL. You would not want to jump out of the present industrial system into a socialistic system?

Mr. HALBERT. I do not think it could be done.

Commissioner O'CONNELL. You would not want to do it even if it could be done?

Mr. HALBERT. No.

Commissioner WEINSTOCK. Is it your idea that socialism is all you have outlined, with plus of ownership?

Mr. HALBERT. Oh, socialism is more than this.

Commissioner WEINSTOCK. That is, you could not have socialism without having this, but you could have this without having socialism?

Mr. HALBERT. Yes.

The ACTING CHAIRMAN. Are there any other speakers who desire to be heard?

STATEMENT OF MR. JAMES H. BOYD.

Mr. BOYD. Mr. Chairman and gentlemen of the commission, I wish to bring to your attention a matter connected with legislation, both State and National, affecting workmen's-compensation acts.

The ACTING CHAIRMAN. Will you please state your experience in connection with these matters?

Mr. BOYD. I am ex-chairman of the Employers' Liability Commission of Ohio and a member of the committee on organization of the International Congress of Social Insurance.

By way of introduction I wish to describe briefly the manner in which perhaps the most extensive legislation which has been put in operation, which involves compulsory State insurance—compulsory social insurance, if you like—in the line of workmen's compensation, is being carried into effect.

In 1910 Gov. Harmon appointed a commission to investigate the matter of compulsory workmen's compensation, and I, as chairman of that commission, conducted 37 public hearings in different parts of the State.

Now, the reason I wish to discuss this subject in an introductory way is to illustrate how, to a limited extent at any rate, it has been worked out by practical legislation and has produced a remedy for some of the difficulties which the previous speaker has spoken. Then I wish to call attention to the fact that it is in consonance with the evolution of society, as depicted by the work of Sumner on the Folkways, Customs, and Laws of Organized Society, the evolution of organized society.

We can neither see the beginning of organized society nor can we predict immediately what the future of organized society will be in respect to its regulation of the social and economic conditions of that society. So in attacking that problem in our State, where we have 5,000,000 people and 1,000,000 workmen to consider, 4,000,000 people who are either workmen or dependents, we conducted 37 public hearings, in which the representatives of labor unions and the employers' associations and their attorneys took part, for two purposes. The first purpose was to educate the public as to what the legislation contemplated, and in the second place to bring out the precise contention of the em-

employers on the one hand and the employees and their representatives on the other hand.

After we had conducted the 37 hearings—at Youngstown, Dayton, Cincinnati, Cleveland, Columbus, and Toledo, and were ready to report the law to the legislature, there were left two contentions. One contention was—and that was the contention of the labor organizations—that they retain the right to accept the compensation provided in the act or to sue the employer, as had been done before.

The contention of the employer was that the employee should contribute directly to this fund some substantial part, possibly one-fifth or one-sixth or one-seventh, but some substantial part of the fund, in order that he might have an interest in the fund by way of administration and protection of the integrity of the fund.

It was first established by investigation that the old common-law remedy must be abandoned; because in making a survey of the economic effect of the German workmen's compensation act upon society and of our liability laws upon society, as well as the systems in other foreign countries, we learned that the natural hazard of a business, no matter how careful the State has been, no matter how careful the employer has been, no matter how careful the employee has been, is such that 54 per cent of the accidents which occur are due to the unavoidable risks of the business, and 46 per cent of the accidents are divided between direct carelessness of the employer or his agents or superintendents, and the negligence of the employee and his fellow servants, and the acts of God. That was demonstrated with sufficient clearness to the legislature so that they took the position, after some discussion before the committees, of abandoning the common-law action and are instituting a new remedy, based upon the natural right of the workmen and their dependents to have a new remedy established and recognized by the State, for their mutual protection; not that the employee should pay, but that a premium should be collected from the employer, as import duties are collected and charged up to the cost of the business and paid by the consumers, 80 per cent of whom are employees or their dependents.

When the act was finally completed two years ago, or in the last legislature, the contention of the employers that the employees should contribute was eliminated. The contention that the employee should have the right to sue was eliminated to such an extent that in 16,000 accident cases that have been adjusted there have been three suits, in only one of which the workman obtained a judgment, although his employer had paid the premium into the fund. But that is yet subject to appeal to the United States Circuit Court of Appeals, Cleveland circuit. So that now, beginning with the 1st of January, we shall have 1,000,000 workmen, not under the direct protection of a workmen's compensation act, as is the case where you have an optional workmen's compensation act, as in Kansas or Wisconsin, but where every workman where five or more are employed, it makes no difference whether the workman is employed in a bank or in a firm or in a factory, will get the compensation for an injury directly from the State insurance fund; and in one week 25 employers employing 50,000 workmen, with a pay roll of \$25,000,000, including the National Cash Register Co., referred to by Dr. Devine, the Willis-Overland Automobile Co., of Toledo, where I live, with 6,700 employees, went in under the terms of the act.

Commissioner BALLARD. Voluntarily?

Mr. BOYD. The act has always been compulsory as far as the employer was concerned, except in very limited cases, so limited that in 16,000 accidents there have been only three lawsuits.

Commissioner WEINSTOCK. You say it is compulsory, and yet you say these men came in under the act. Are they not in under it automatically?

Mr. BOYD. They are automatically under the act, but a man is automatically under the act not to break into a house; yet he may break into a house nevertheless. What I mean is that the premiums are paid into the fund, so that the workman who may be injured will get his compensation from that fund direct.

Commissioner WEINSTOCK. The situation is not clear to me. May I be permitted to ask some questions so that I may get a clear idea?

Mr. BOYD. Surely.

Commissioner WEINSTOCK. In the first place I should like to understand whether in Ohio you have compulsory compensation or voluntary compensation?

Mr. BOYD. They never had a voluntary compensation act.

Commissioner WEINSTOCK. It is compulsory?

Mr. BOYD. It is only a question as to the degree of the penalty for failure to pay the premium.

Commissioner WEINSTOCK. Does the State monopolize the casualty-insurance field?

Mr. BOYD. Yes.

Commissioner WEINSTOCK. Private casualty insurance companies are not permitted to operate there?

Mr. BOYD. No, sir.

Commissioner WEINSTOCK. Then, every employer pays a contribution into this fund, I presume, and out of this fund the State pays compensation to workmen?

Mr. BOYD. Yes. Let us suppose the employer does not pay the premium. Then suppose a workman in a place of employment where five or more are employed is injured. He makes application to the State and the State pays him. The statute gives a judgment for the amount of the award plus 50 per cent, the same as for unpaid taxes, and the 50 per cent is added in the case of the employer who has not paid the premium.

Commissioner GARRETSON. The judgment is against the employer?

Mr. BOYD. Yes. It is in the nature of a penalty for not having complied with the law of the State. Now, the compensation there is based on 66⅔ per cent of the loss of earning power due to the accident.

Prof. Sumner's work on the Folkways, Customs, and Laws, to which I have already referred, represents a lifetime's work, and his observations in ethnology, sociology, and economics and this legislation is based upon the collective sum of human knowledge in reference to this subject. This work of Prof. Sumner treats of insurance against accident, insurance against sickness, against old age, against being out of work, mothers' pensions, as all being on the same economic and legal basis, the recognition of a natural right on the part of the people of the State to demand that the State give them a permanent scheme of mutual protection for which they themselves pay at the minimum cost.

The report of the State of Washington shows that they conduct the same kind of insurance as Ohio, exclusive of compulsory industrial State Insurance. The figures there are that they can conduct their business at a cost of 8.2 per cent of the total amount paid in, and the best that liability insurance has ever done is in the operation of the British act during the year 1909, where the 38 liability insurance companies furnished all the insurance that there was furnished in the protection of 13,000,000 employees at 82½ per cent. Then there was left the administration, the doctor bills, hospital bills, funerals, and the litigation left under the British act of which there is none left under the Ohio act.

If the board denies compensation on the ground that the workman was not in the due course of his employment when he was injured, he can sue the board but not his employers.

Commissioner GARRETSON. What is the cost of administration?

Mr. BOYD. Twelve and one-half per cent.

Commissioner BALLARD. In the State of Washington is any of the cost paid by the State itself where the cost is 8.2 per cent?

Mr. BOYD. Let us get it into your head right. We will write down all the premiums paid by the employer. We will write down all the funds appropriated by the State. Then we will give a statement at the end of the year, figuring up the absolute cost of administration, and that is 8.2 per cent of all the funds paid in both by the State and by the employers.

Here is another fundamental point in that connection: In the State of Ohio it is provided in the act that the State pay the cost of administration for two reasons. One is that there is an economic base, because we prevent one-third of the litigation of the State. The State is bound to provide jurors and to provide sheriffs to serve subpoenas and clerks of the court. We reduce that cost one-third and substitute in the place of it the cost of the administration of this act.

But that is not the main reason. The main reason why the State should pay the cost of the administration is so that the cost of administering that fund can never become mingled with the cost of the actual compensation; because it is something that might be abused, and if it is abused, then the cost of administration can never be confused with any other fund. It will always be possible to know exactly what the percentage is, and the outs can ask why, if the State of Washington can administer it for 8.2 per cent, it can not also be done in Ohio for that?

Commissioner WEINSTOCK. Is there not another reason, which is that the worker shall receive 100 cents on the dollar?

Mr. BOYD. Sure, to eliminate the waste. That is a fundamental proposition. Now, as I have stated, we have in the State of Ohio a million workmen who are not indirectly under the protection of the act but directly under the protection of the act.

The ACTING CHAIRMAN. And the women and children?

Mr. BOYD. And all their dependents, of course. Of course industrial insurance is not to protect me for losing my arm. It is so that those dependents on the workman's arm shall not suffer by virtue of that accident, or be prevented from attaining the normal ability to support themselves, and so that the older dependents shall not become a charge on public charity.

Commissioner WEINSTOCK. If the compensation act furnishes a compensation equivalent to 65 per cent of the injured worker's earnings, is not the injured worker really contributing 35 per cent?

Mr. BOYD. That is a technical way of stating how much he furnishes. Of course, here is a carpenter who works 118 days or 200 days, or possibly 300 days, but he gets 66½ per cent of his weekly wage for six years.

Commissioner WEINSTOCK. Sixty-six and two-thirds per cent of his wages for the 300 days?

Mr. BOYD. No; it is like this: His average weekly wage, we will say, is \$18. Two-thirds of that is \$12. He gets \$12 a week for six times 52 weeks. That will be six years. That would make about \$3,750.

Commissioner BALLARD. He gets it by the week, not in a lump sum, does he not?

Mr. BOYD. He gets it by the week.

Commissioner WEINSTOCK. If it is shown that the carpenter has averaged, say, 220 days' work a year for the past two years, is his compensation based on his earnings for 200 days or for 300 days?

Mr. BOYD. No; based upon his average weekly earnings.

Commissioner WEINSTOCK. Fifty-two weeks in the year?

Mr. BOYD. Yes.

Commissioner WEINSTOCK. His unemployment is not considered?

Mr. BOYD. No, sir.

Commissioner WEINSTOCK. Is there not a limit to that? Suppose he has only worked one week in the whole year; then what?

Mr. BOYD. Then it is up to the board to determine what his average weekly earnings are.

Commissioner O'CONNELL. The board does not deal at all with a man's unemployment?

Commissioner BALLARD. It supposes that he is employed?

Mr. BOYD. Yes.

Commissioner O'CONNELL. Based on his rate of wages if he had worked?

Mr. BOYD. Yes.

Commissioner BALLARD. He gets this compensation only if he gets hurt or the accident occurs while he is at work in the employment?

Mr. BOYD. In the due course of his employment.

Commissioner BALLARD. That protects him if he gets hurt in the factory?

Mr. BOYD. The premium that the employer pays is based upon his pay roll.

Commissioner BALLARD. That takes care of the man for six years if he is hurt while at work; but suppose he is hurt when he is 3 feet outside of the fence instead of 3 feet inside of the fence?

Mr. BOYD. That has nothing to do with it, then.

Commissioner BALLARD. He does not get any pension at all?

Mr. BOYD. No, sir.

Commissioner BALLARD. Ought he not to be protected in one case as well as in the other?

Mr. BOYD. No, sir.

Commissioner BALLARD. Should the State neglect him entirely if he is hurt while helping his wife put up a curtain?

Mr. BOYD. In any city they take him to a hospital and take care of him there until he is straightened out. If he can pay, he pays, and if not, then he does not pay. You can not provide for a case like that in an act of this sort—in a scheme of workmen's compensation based upon placing a charge upon the consumer who buys the product which is produced. The fundamental point is that you classify your employment with regard to the degree of hazard.

Commissioner BALLARD. The different employments pay different rates?

Mr. BOYD. Yes. In the State of Washington they have 48 classes. In the State of Ohio we have a great many more classes.

Commissioner DELANO. How many States are there besides Washington and Ohio that have workmen's compensation laws?

Mr. BOYD. Twenty-three States now have workmen's compensation acts, including the State of New York. The State of Washington and the State of Ohio have compulsory State-insurance acts, which are exclusive. The States of West Virginia, Oregon, Massachusetts, California, and one or two others provide a State-insurance fund, but the acts are obsolete in various ways. They mark a transitory stage between the English compensation act and a law like the Ohio and Washington act. In my opinion they will all be compulsory, will all have compulsory insurance acts like Washington and Ohio inside of five or six years.

Commissioner BALLARD. Are not the Washington and Ohio acts very much alike?

Mr. BOYD. Yes. The law has been in operation two years, only we did not make it absolutely compulsory on the employer at the start, because we took away all the defenses of the employer gradually, and that was enough. Then this last year we drove in the last wedge and took them all away to the extent of his property.

Commissioner GARRETSON. You smoked him in?

Mr. BOYD. We drove him in and then we shut the door. That is the only way in which it could be done.

Commissioner GARRETSON. I agree with you.

Mr. BOYD. The interesting thing about it is that 999 employers out of 1,000 in Ohio are very much delighted with it, whereas six months ago they thought it was a piece of penalism and revenge against the employer.

Commissioner O'CONNELL. How does your law compare with New York's?

Mr. BOYD. I have just got it and have it in my pocket. I do not know the details of it. I have not read the New York act.

Commissioner O'CONNELL. Is not that the extreme of legislation we have had so far?

Mr. BOYD. I do not understand so.

Commissioner WEINSTOCK. Extreme in favor of the workman.

Mr. BOYD. The New York act does not provide so large compensation as the Ohio act.

Commissioner O'CONNELL. That is not always an essential. The principle involved is the important thing.

Commissioner GARRETSON. How does the time compare?

Mr. BOYD. I have not read the act.

Commissioner GARRETSON. Time and amounts may be in opposition to each other and produce a more desirable result with a low rate and a long time than a high rate and a short time.

Mr. BOYD. I could not give you the details of the New York act.

Commissioner BALLARD. Has Massachusetts a good act?

Mr. BOYD. I would not say it is a good act or a bad act. It is a magnificent act for the insurance companies. It provides compensation to everybody, but the employer must furnish it, and they do not provide a definite State insurance fund.

The employer has got to insure himself. He must go to a liability or mutual insurance company and insure.

Commissioner O'CONNELL. They have a board?

Mr. BOYD. Yes.

Commissioner O'CONNELL. An adjusting board?

Mr. BOYD. Yes.

Commissioner O'CONNELL. That board must determine whether the settlement between the employer and the employee is a satisfactory one?

Mr. BOYD. Yes.

Commissioner O'CONNELL. And the Massachusetts board has turned down thousands of cases where the insurance companies have made full settlement.

Mr. BOYD. Yes. The consumer has got to pay for that expensive way of administering. Some of the gentlemen down in Massachusetts may perhaps claim that is the best way to do it, but it is up to you people to say whether it is or not.

Commissioner O'CONNELL. I heard a Massachusetts man and an Ohio man arguing the question, and the Massachusetts man told the Ohio man he had the worst failure of a compensation law that they had in the United States.

Mr. Boyd. That is all right. Mr. Tecumseh Sherman has gone all over this country saying that it is the rottenest act in the world. That is all right. He has a right to his opinion, but as long as it pleases most of the employers and 5,000,000 people in the State who are employees or the dependents of employees, we do not care what Tecumseh Sherman says about it.

Commissioner O'CONNELL. I do not see why, but he made the bald statement.

Mr. Boyd. Yes; but bald statements can be made easily. This is the main thing I want to call your attention to. The Federal act drafted by the Federal Workmen's Compensation Commission, of which Senator Sutherland is chairman, passed the Senate and got into the House, and it is in the committee somewhere. Now, we have these 23 States that have workmen compensation acts in different forms, and there is a conflict between the jurisdiction of the different States, and they are waiting for what this Federal act is going to be, because the interstate carriers, of course, do not care to come in under a State act if there is going to be a Federal act. It will not require very much time for this commission to devote a little attention to this, and appoint one or two men as a committee to cooperate with the President and Senator Sutherland and the different gentlemen who have charge of this Federal act and hasten the passage of it. Where a man gets hurt on an interstate railroad, he wants to get the protection of the State act. The railroad companies do not want him to have the protection of the State act. They would have it under a Federal act, or go back under the employers' liability act of 1908. You eliminate all that expense and all that contention the moment that act goes through. Then these State acts will all work out much faster, and you can render a great service to this country in hastening that, if you only hasten it six months.

Commissioner WEINSTOCK. Your suggestion would be that this commission at its earliest opportunity then issue a recommendation to Congress that they shall pass a Federal compensation act?

Mr. Boyd. Yes; and use all your force to get it through as soon as possible, in the best possible shape, whatever that is. By the way, I think that act ought to cover not only railroads, but interstate traffic on the lakes, on the rivers, and coastwise traffic.

Commissioner WEINSTOCK. How about the employees of the Federal Government itself?

Mr. Boyd. They are already protected by a bill.

Commissioner WEINSTOCK. They are already protected?

Mr. Boyd. Yes.

Commissioner WEINSTOCK. That is news to me.

Mr. Boyd. Under a separate act.

Commissioner WEINSTOCK. Has that been passed?

Mr. Boyd. Yes; and it is in operation.

Commissioner LENNON. It is not considered a very excellent act.

Commissioner GARRETSOHN. It is not an exact duplicate of this act, but there is a workmen's compensation act in existence as applied to Federal employees.

Commissioner WEINSTOCK. I was told by a gentleman connected with one of the departments that if he should be injured in the course of his employment, injured in Government service, he would have no remedy.

Mr. Boyd. He is mistaken.

There is no question about the value of a service of the kind I have indicated, in doing all you can to expedite the passage of a Federal workmen's compensation act, to apply to interstate railroad and other interstate employees. You could delegate this to one or two members of this commission to watch it, follow it, and to render a great service to this country.

Of course, we are to have an international congress on social insurance, to which will be invited, under the authority of the Government, the representatives of Germany, France, England, and other countries, and I think you ought to devote a little attention to the nature of the program that that organization will get up, because it will have the widest influence and the greatest effect upon all this kind of legislation.

There are several of us who have been invited over into Canada to assist in advising—if I may use the word—the Ontario Government in framing their act. Of course, there are no constitutional difficulties involved in framing an act in the Dominion of Canada or in any foreign countries. The difficulty in this country should be brought out in that program—that is, that in these industrial or social insurance acts, these constitutional questions have to be met, and that these acts must be so drawn as to come within the constitutional

limitation, for example, the taking of property without due process of law, and the equal protection of the law. For example, in Montana the act provides that after the employer has paid his taxes on the coal produced and the workmen had paid their 1 per cent of their wages into the fund, that permitted the workmen to elect to take the compensation or to sue the employer as heretofore. That insurance act was held to be constitutional all the way through, except the one provision that permitted the workmen to elect to sue, and the court held that that was not equal protection of the law.

Commissioner WEINSTOCK. They gave him two options?

Mr. BOYD. They gave him two ways of getting his compensation. That simply multiplied the liability of an individual employer.

Commissioner WEINSTOCK. In what State was that?

Mr. BOYD. That was in Montana.

Commissioner WEINSTOCK. In California the law gives the workman the right to sue if the employer has been willfully negligent?

Mr. BOYD. Yes.

Commissioner WEINSTOCK. He has two remedies there.

Mr. BOYD. That is another difficult proposition. That is in our Ohio act, too, but it ought to be out of the act, because if an employer willfully injures a person it is either a misdemeanor or a felony; and, if he violates the statute of the species of legislation that has to do with the regulation of workshops and factories, that is a matter of penalizing under that provision. It should not be brought into a workman's compensation act to complicate the administration of that act and to vitiate the conception of the act. It should be kept outside of the act, but we could not quite keep it all out.

But to illustrate the way it actually works, there are 5,000,000 people in the State of Ohio who are getting the benefits of it, and that is the reason why I have recited at length, as I have, this description of our work in Ohio. We got all the contentions that the American Federation of Labor was fighting for—Mr. Gompers and all the rest of them. Mr. Gompers, at first, was a strong advocate of retaining the right to sue if the workman desired to sue, but he has ceased to fight on that proposition. That proposition made a great deal of trouble. Then, the employers said, "We will not do anything unless you workmen contribute to the fund." We got rid of both of those contentions—with that slight exception—and, a little later, we will just pull that out and stick it in in another place.

Commissioner GARRETSON. You made a recommendation a little while ago that this commission should use its very best influence to secure the passage of the workmen's compensation act.

Mr. BOYD. That is the interstate act?

Commissioner GARRETSON. In Congress.

Mr. BOYD. Yes.

Commissioner GARRETSON. Are you conversant with the attitude of the labor organizations whose sole membership comes under the provision of that act throughout this country?

Mr. BOYD. If it is represented by Mr. Sabath, I do.

Commissioner GARRETSON. Does Mr. Sabath hold a license to speak for any of these organizations?

Mr. BOYD. No.

Commissioner GARRETSON. I am speaking of the four railway brotherhoods.

Mr. BOYD. Yes.

Commissioner GARRETSON. If he had that right, it is canceled?

Mr. BOYD. He ought to cancel it right away.

Commissioner GARRETSON. I will say this to you for these four brotherhoods. For instance, these brotherhoods have representatives in Washington.

Mr. BOYD. Yes.

Commissioner GARRETSON. I have a legislative representative here.

Mr. BOYD. Yes.

Commissioner GARRETSON. And each of the other three organizations has a representative.

Mr. BOYD. Yes.

Commissioner GARRETSON. Mr. O'Connell, your representative is commending the act as it stands, is he not?

Commissioner O'CONNELL. Not now.

Commissioner GARRETSON. One of them commends it absolutely as it is. A second one demands its change to the elective plan, with the power of election, and will back it in that form. The other two are absolutely opposed to

it. Now, would not we three be in an inconsistent position here to commend the passage of that act, as members of this commission, and then as individuals go and oppose it along the lines that I have named?

Mr. BOYD. Of course, we had you fellows out there in Ohio.

Commissioner GARRETSON. I am speaking for the gentlemen on this side of the table, Mr. Lennon, Mr. O'Connell, and myself. That is what we are up against.

Mr. BOYD. Yes; we had them, too.

Commissioner GARRETSON. You only had the State representatives of our organizations.

Mr. BOYD. Yes; but they communicated with Mr. Gompers and all those gentlemen.

Commissioner GARRETSON. I am speaking for the railway brotherhoods. Mr. Gompers does not speak for them.

Mr. BOYD. I know that; but you have your own organization in Cleveland.

Commissioner GARRETSON. That is the engineers. Our State organization is entirely separate from the national.

Mr. BOYD. But are not your State organizations members of the national organization?

Commissioner GARRETSON. Yes; but if the men in one State want compensation and the men in another State want liability, it is nothing uncommon to find a committee of my own organization fighting for liability in Arizona and fighting for compensation in Ohio.

Mr. BOYD. There are some places where you can never take away the right to sue for injury. New Mexico put that provision in her constitution.

Commissioner GARRETSON. Those are the things that they are up against.

Mr. BOYD. In my opinion, the Federal act should provide that every railroad should be in a class by itself, and the Interstate Commerce Commission can determine the hazard of that road from the statistics turned in, so that each road will pay a premium based on its experience, the same as we have different classes of employment in Ohio. I would have the act put each railroad in a class by itself. Then you can make a class of the interstate traffic upon the lakes. In just one storm we had fourteen vessels that went to the bottom with everybody on board.

Commissioner GARRETSON. I know; and the railroads themselves are in a devil of a storm. There are some that slaughter them by thousands, and there are others that do not.

Mr. BOYD. The fellow that is paying the big premium, he will be checked by that, will he not?

Commissioner GARRETSON. Yes; I guess he would be.

Mr. BOYD. I guess he would; and you have got the safety-appliance act behind them. If the plan that I am suggesting is followed out, then it will appear in the operating expenses, and each railroad will have to pay in accordance with the experience of the road.

Commissioner LENNON. We will all agree on these questions by and by.

The ACTING CHAIRMAN. The commission will now go into executive session. (At 3.35 o'clock p. m. the commission went into executive session.)

STATEMENT OF MR. CHARLES MCCARTHY.

The CHAIRMAN. Prof. Commons has told us that we may hear from Mr. McCarthy, and I will ask you, Mr. McCarthy, to state in what way you have been connected with this work.

Mr. MCCARTHY. As head of the Legislative Reference Bureau of Wisconsin, and I have been connected with all the work in Wisconsin in one way or another.

I have been for 13 years in charge of the bureau which has done all the drafting for Wisconsin. All the constructive work, every piece of it, has been under my charge in some degree. I have been the man who was connected with this whole thing in the University of Wisconsin. That is why Prof. Commons suggested that I come here and talk to you.

It is only a question of methods that I want to talk about. I do not want to go into all the subjects you have here.

We had this situation in Wisconsin: They had that reform movement in the State, headed by Mr. La Follette. It was a question of what should be done,

just the thing that you people are up against, and a question how they could do it, and we hit upon a way of working that thing, which might be useful to you here.

As you observed in talking to Mr. Leiserson, he is a trained man. He was one of my students and was one of Prof. Commons's students. We began training these men for different subjects. It is a long process, and we have trained the most of the men who have gone into that kind of work.

In the early days when an investigation was started like this they would bring in almost all kinds of testimony to get at the facts, and then that testimony would result in a great many volumes. You would not have anything left afterwards. You would not have any administrative work left, or else it would result in somebody drafting some law. The result would be that there would be nobody to carry out that law, and there would be books full of statutes, but no practical results.

Now, I want to impress upon you people the necessity for the constructive portion of the work. What Mr. Leiserson says is in line with what I will say. Mr. Leiserson told you not to begin to go over all this thing again. Get the consensus of what there is on the subject first. Get the reason why success has come in certain lines and why success has not come in other lines. Begin at once on that end, and begin drafting up your plans at once for your constructive work that is to come along in the future.

I believe that all the investigations of this sort in the past have made the mistake of not doing that, and because they have not done that the inevitable tendency of a body of this sort is to go off on this line and that one and that one, and then they begin to branch out each into other lines. They are all good, but you can not do them all. Can you not tie them up?

We believe in taking three, or four, or five, very fundamental things which will lead to something else afterwards, and we believe in tying them up first. We believe that the outlines should be pretty well worked out, that there should be an immediate program, a thing to do first, and a thing to do next, and then another thing beyond that, and then another place that is left in a vague stage of investigation. Now, you have got that problem before you. You have got to pick out what you want to do next. Obviously, there will have to be considerable investigation, but I believe if you make any mistakes it will be in the great mass of the investigation, rather than in tying it up as you go along, on some particular subject. For instance, on a workmen's compensation act in Wisconsin, if we draft a workmen's compensation act we never sit down and draft an act in a week or two weeks, nor would there be an investigation which would never end in an act, but the act would probably be constructed beginning the very first day that the committee would come together. That is, there would be certain general lines which they would lay down, and then ask a trained body of draftsmen, constructive workers, just the same as if we were going to build this building, we would call in architects to show us plans of some kind upon which you can work. So we have the machinery for going at that work. We have the legislative reference department at Madison, of which I have control and that has five attorneys in their department. Some of those men have been at this work very many years now. They are all trained under me. They are fellows who can take up all the different kinds of legislation upon any of these subjects, and make a rough draft and put it into shape so that you will have before you just exactly what comes up.

Now, you take your rough draft, distribute it around among your friends, or around on the outside, and then draft it over again. In that first draft there will be called in men who are experts in these particular lines. You have seen them here, like Leiserson. If you were working on some particular line of work, you would bring in Leiserson, and when he would come there he would probably have all the different kinds of acts upon that subject, and would have them analyzed. Then after you get Leiserson you get other fellows of that type. Then you outline it in a rough way. You say "I would like to see a sketch of that thing." Then the draftsman would put this into shape and you would talk it all over, and then if you wanted to investigate some facts about it, you would want some more experts. For instance, at the University of Wisconsin there may be an attorney who knows a great deal about some particular phase of the law, from the law school. There may be a chemist, there may be a man who knows tuberculosis in animals. All these men are brought in on this outline, and as this outline is made, it begins to expand as you go along. Then all the investigation you may be making will be heading toward that. If you come to a place where you determine that you do not

want to do it, and the public sentiment of the country is against it, and the committee do not want to present it, you can throw it all over, but meanwhile you are always working toward the plan of what you want to do.

Now, in reference to the different things that have gone into the platforms of our different political parties, I want to say that I do not belong to any political party, and neither do any of my colleagues. We do not join political parties. We want to be with whatever force comes along. That is what we want. All our people are that way.

Now, I say we gather that sort of scientific body of men around, and they sit down and they know just about what is coming up in the State, they know the great necessity for some particular piece of work, and they survey it off to get the proportions of it, and the emphasis, as it is laid out, and then they take up the particular things that they know the sentiment is going to concentrate upon, and then they follow that up. Or they lay that down for some other thing that comes along. For instance, in the session before last, one of my students discovered the first way of getting around the Constitution in the workmen's compensation act. We were eight years trying to do that. We were the first people who started in on that. I went over to Europe and our people went over and made an investigation of the industries in England and in Germany.

Commissioner WEINSTOCK. In speaking of the constitution, do you refer to the State or Federal Constitution?

Mr. MCCARTHY. Both. We would have to look over both. We have a planning department right in the State government itself, and that planning department acts under all the other fellows. They do not interfere with the committee work on any particular subject, nor do they interfere with the legislature, but they are in just the same position as an architectural body. You bring in a body of architects and say "We think of putting a building on this square, and we have thought it out in an informal way, and we think it ought to cost \$3,000,000, and that it ought to be so and so. What plans have you got?" We take the plans and look them over and say "That will not do." We take that out, and then we say, "This little thing, you modify that." And then you begin eliminating and changing and do it over again. This process may be repeated 50 times. All of our great acts in our State have been worked out in that way. Take for instance the great industrial-commission act, which is after all based upon the suggestion of the German act. It is the German act. It came from Germany. We have searched the wide world for these things.

There is a new kind of law growing up in America. There is a new economic law, based upon the determination of economic facts rather than upon the precedents of the courts. It is eating its way gradually into our legal system in America. In Wisconsin all our great commissions are based upon that, but that is a thing that has been worked out in other countries. After all, where does your workmen's compensation act come from? It came to England and from Germany. The Wisconsin act has as much German stuff in it as it has English. These things are coming up in a crowded country like America. In this country these problems are coming up. The problem of unrest is coming up, because men are not able to get out on the land, and get at the minerals, and get the things of nature. They can not get them any more. They are crowded, and then comes your unrest. Other countries have been crowded. Other countries have had unrest. People have lived in cities, and have been on the verge of starvation. Other great countries have dealt with these conditions. Germany after a hundred years of warfare was reduced in population and impoverished in resources. Now she has a population of 67,000,000, and you can go from one end of the country to the other and you will see very good conditions indeed. Germany is a wonderful example to the rest of the world, as showing what a country can do. She is a country that is now importing foreign labor.

That has been done to a large extent by good planning. Bismarck did a great deal of that planning, and the men around him, Wagner and other university men were brought in by him, in that plan that he made at that time. So England at the present time is just simply imitating Germany. Lloyd George told me himself that he had constantly gone to Germany, that he had spent his summers in Frankfort, that he went there and studied the methods of the German Government. So from Germany these things are reaching out around the world.

You gentlemen have some plans. Much of it is perfectly obvious to you, such as safety and sanitation. You know the American sentiment, and the sentiment

of the manufacturers has reached that point, and as far as you are concerned, you do not need to put any emphasis on that. You know you can use these fellows. They will go on and put forth plans. So in the university school of the country you can use all kinds of people. You can use associations, and all kinds of things that come up. I have not got your budget before me, but I should say that for work of this sort fully one-third of your money would have to be expended in gathering together the models and expedients, administrative expedients from all over the world. How many things there are that Leiserson says they found out from other nations. You do not want to duplicate work that has already been done. You have not got the time.

Then you want to have your material so classified that you can get at it at once. You can not do it conveniently in any other way. The problem is too big. You want to take a particular subject to a particular man, and let him begin to construct something, on that particular thing. You want men who will take each one particular piece of legislation, and go to him and say "Will this work?" Go up to Mr. Dawson and say "Will this work?" Mr. Dawson goes to work, and by and by you have something that has been put in the shape of a law, and you can look it over and determine whether it is worth while or not.

You people have heard the talk about the courts all the way through. If when you get through you do not have legislation that is worth while, it will simply mean that the people will get behind the courts. You will strengthen the courts in the long run. The people will say, "Oh, well, the industrial commission investigated that thing, and they did not find anything, and there is nothing before Congress, or there is nothing worked out." Now, you can work things out if you begin that way from the beginning; but if you leave it all within the last three or four weeks of your work you will have nothing tied up at all.

When you do get anything into shape, get it out through the press, through the magazines, get the American people familiar with it, get them behind it. I take it you would not have been appointed as a commission upon industrial relations unless you were expected to have something to do outside of the District of Columbia, or outside of your very limited Federal authority. You have got to say something to the States about the great industrial conditions all around the country.

Now, there are expedients. Legislation is now getting to be a science. I had the honor of starting off at the first of this sort of thing in Wisconsin, and organizing this general plan at that time.

Now we are getting to a place where we know the kind of legislation that will make these expedients effective. We know the exact status of that sort of thing. When we drafted the industrial commission act, we knew that it was going to be successful. We knew it would go. Why? We knew it had gone. We knew all these elements in every part of the world. We knew that thing was going to be of great importance in the future, just the same as we have two or three other acts now under way, and have been working two or three years on them. Sometimes we work in Wisconsin five or six or seven years before it comes off. That does not mean on one piece of work, but there are different stages of it all along the line. I had a man on this land problem working a year and a half, and he will work on it probably a couple of years before he will get it into shape, but when it comes out it will be something that you can talk about.

Take the public-utilities act. I brought out the first public-utilities act there. We brought together 9,000 pieces of legislation from all over the world, which we used in framing that public-utilities act. Our people went everywhere, and when we got it into shape it was based upon the Sheffield act of England. It was the first public-utilities act in America. That was worth while doing, because then the court sustained things that it would not sustain previously. The business man has no kick on it, because it works in, an elastic way, in harmony with the conditions of the times. It does not interfere in his business in a way that is burdensome to him. He feels that it is worth while.

We have done an awful lot of radical legislation in Wisconsin. It has been a very original place, so far as legislation is concerned. It has been a radical place. We have had three kinds of Republicans, two kinds of Democrats, and two big Socialist organizations. We have had bitter war. The labor unions up there have been Socialists and they have come into the legislature; and notwithstanding the fact that we have had some very severe, harsh men at the head of our affairs up there, among the politicians, still Wisconsin has gone right on and it has been building up something which has not destroyed capital, and which has built up the State. Let me say here about the State of

Wisconsin; you will find that it is prosperous, and that it is going forward, and that nothing has been destroyed, and that something has been done.

You can have the same planning from here, and if you have a little reference department similar to mine for the legislative expedients that have been successful; if you have the successful ones gathered here and the ones that have not been successful gathered here, so that you can see what has been done in various parts of the country, then you can choose the best among them, and you can frame something that will be worth while. We get all these bodies to work together. You can do the same thing. You can submit to them the different portions of your work and have some fellow getting that out day after day, drafting and putting into shape, so that at the end of your report you will not have 19 or 20 volumes, like your last Industrial Commission had, but you will have, we will say, five or six neatly drafted, solid, and sound pieces of legislation. Then you will find that those will lead to other things.

In a great work like that which is before you you are liable not to see the forest because of the trees. It is a question of preparation, a question of thinking it out.

In sitting and listening to you people I have not talked on this thing at all except to talk with John Commons a little bit. I have sat here and been listening to you and to the different people who have come up and talked before you, and I have put down here some things that I suggest to you now.

I am very sure that right here in the beginning you members of this National Industrial Commission will be interested in something about the Wisconsin Industrial Commission. What is the Wisconsin Industrial Commission when you come to look at it? The Wisconsin Industrial Commission is a new kind of court. They took out of the ordinary court all these things that the people were complaining about. It is a court, but it makes its findings upon economic facts which are found by experts who come there and who go on and examine the thing and make an order, and those facts are not reviewable. This morning you sat in the chamber of the United States Commerce Court, which will go out of existence at midnight to-morrow night. When President Taft advocated the establishment of that court I wrote to him and told him that court would not last, because it was an old common-law court; and when it had to deal with an economic fact it was without the necessary machinery to deal with it, and the day for that kind of thing is gone by. You can not deal with these economic facts by legislation, because they are so complex that the ordinary legislative body can not tell about a whole lot of things, because they do not know anything about it.

I am not talking against democracy; I am talking for democracy, because it is not democracy for a crowd of us to gather here and say, "Let us build this building, and some of you gentlemen bring some stones and some timber, and some of you bring a delegation of hod carriers." That is not democracy at all. Democracy is a lot of us coming together and determining first whether a building should be put up here, whether the representatives of the people are willing that it should be here, and then making suggestions in a general way and discussing all of them, and then getting some competent men to draw a set of plans, and sitting down and fighting over them and saying, "This window is all right, but that one will not do; and we want this thing this way and we want that thing that way." Then, perhaps after changing the plan a half dozen times, finally you bring out a structure that will stand up, and then your building inspector, the Supreme Court, at the other end of town, can not kick it over. Then you have some justice in your law.

Not only that, but this commission is a new element in law. It is a strengthening of the statute law of the people. The people's will is carried out. No longer is a man coming into court with a bleeding stump and saying, "I want justice; I want my day in court." You have got too many days in court. In the future the thing is not going to work that way. The weaker man will come before the commission and the commission will say, "We will look over your case, and if you have got a good case we will make a decision on it." And that decision will stand; and the burden of proof will be on the fellow opposed to the commission. The State is back of you in that. We have got to make decisions that are in conformity with economic facts. We have got to take account of conditions that are coming up. The determination must be reasonable, based on economic facts. If it is a fact in chemistry, H_2O is water; if it is a fact in mathematics, 2 and 2 make 4. At the bottom there are immutable facts, and the gathering of all these facts is necessary.

Now, to suggest something just for the purpose of talking about it—putting up an idea just for the sake of knocking it down—suppose that this commission here, after discussing the thing for a while, should wish to apply this Wisconsin Industrial Commission idea to the Federal Government? You would say, "Can we do it? How far can we do it?" Then you would bring in some of these experts and say to them, "See if you people can draft something into shape that will apply the idea of the Industrial Commission of Wisconsin to the Federal Government. See if you can do it." I do not know whether they can or not, but they will bring their plans together. They will get trained men to thinking about it. Up there in Wisconsin they had John Commons. They will ask constitutional lawyers to consider the constitutional questions, and by and by they will present to you a plan. You will look over the plan and you will probably want to change it here and there. You will want to go ahead and amend it and fix it up. If you do not want it at all, you will throw it out; but if you think there is an idea in it that can be applied in some way, you are beginning gradually to build up something by bringing in other people and going over it again, and finally you can present to the American people, as an orderly law, something which may result in some court like the Interstate Commerce Commission that will deal with great industrial questions; deal with sanitation, deal with all these questions of employment and things of that sort, which will in a way solve a hundred things. I say that and make a suggestion of that sort; I am just simply now putting it up to you, so that your minds are working right now on the question whether you want that or not. I offer it to you, and out of it there may grow a definite, concrete thing. We have a thing of that sort. Then, if you decide you want it, then we can explain it a little bit. If, by and by, after three or four weeks you decide that you do not want it at all, then throw it out and begin on something else.

Now, see the advantage of that for a minute. Many of the States do not want to lose their power on many of these things, and one State that goes ahead is often penalized because it is going ahead. The manufacturers feel that they are being penalized. We feel that in Wisconsin, because we are generally ahead there on these matters. Manufacturers say, "This is unfair. You are passing a child's-labor law for us, while over in Michigan they are canning peas with the labor of children 6 years of age," or something of that sort. Now, supposing that uniformity of legislation throughout the country might be a thing worth while. You can get uniformity by having this industrial commission. You can work out a model act. If you think the Wisconsin act is worth while but that it ought to be modified, then you can do that. Get some model act and recommend it to the States. Let the various commissioners get together every year and make rules which all the States can adopt. You can not make uniform legislation for all the country, because a legislature can not take a great big long act and go over it in relation to all the constitutional questions, and one legislature may meet in a couple of months and another legislature may not meet until next year. You can not get uniformity in that way, but you can get uniformity by rules similar to those rules which have been suggested by John Commons; and these other men can get together and they will make up rules, and then they are adopted throughout the country, and the business man gets away from the annoyance of that thing; and while you are making these rules and you are getting in suggestions from the manufacturers and from the laboring people and from the people in the street, and finally there is a proposition that is worth while. You make a standard for the whole country through organizations of that sort. It is not a hard thing to work out; it is not a hard constitutional thing to work out. Anyway, it is worth while to discuss the question whether a certain thing can go forward; and you get your men together, you get three or four men working on it until they see if you can work that out, whether it is an improvement or not, and talk to people about it.

Now, there is another field of work coming on. I think that will be a part of an immediate program to be thinking of, a tentative plan for the future. For instance, let us take this thing that we have all been talking of and thinking of. That is the workmen's compensation act. Everyone sees from the talk that the workmen's compensation act is a powerful reaction. The by-products of it are greater than the act itself. It has already started these people to preventing accidents. Never before did anything do so much to prevent accidents as this very thing. The cost of it made somebody sit up and take notice and get to work and try to prevent accidents. It has had a powerful effect. Everything ought to be judged by its by-products. Right here has come the

vague talk about men who have been sick, about occupational diseases, about a man who is hurt after he gets outdoors, and here comes the wonderful question of sickness insurance, following right along. A man may be killed by being hit in the head by a thief, or he may be killed by lead poisoning. Either way he gets killed he is dead. It is a part of the game, the same thing. Now, let us see. There is a fundamental thing. I was going to make the suggestion to you. We are doing this now, because I am trying to analyze those things which seem to me to be not particular pieces of legislation, but things which follow what has already been done, and things which have in them potentiality of other things. Now, take sickness insurance. There is a thing going over the old countries now, going over all the world, the idea that with ability shall come responsibility.

Now, here is a situation which exists in some cities in America, where up on a hill there will be a fine lot of residences, and right down below somewhere there are a lot of dirty tenements where there are all kinds of disease and everything else that is undesirable. The sons and daughters of the fellows on the hill never see what is going on down there, and there is typhoid fever raging there or something of that sort. When you get sickness insurance, and the manufacturer pays part of it, he is the powerful man in the community, and the State pays part of it and the employee pays part of it, and when that happens do you know what is going to occur? The manufacturer is going to say, "That is a nice thing to make me pay," when somebody down there gets typhoid fever from drinking bad water. But in the great working out of things, that manufacturer pretty soon gets busy to stop sickness in that place. You can talk sanitation, you can talk prevention, you can talk clean tenements and clean water, in a way that you could not before; and when he gets over his grouch, he finds that it is a great asset for him. Now, the State and city gets to work; and the duty of the city is to keep Mary Jones from being sick, instead of letting her get sick, and then sending a lot of bum doctors around to cure people after they are sick. I am talking about this now as an example of the kind of legislation that I would suggest that your committee take up, in working out a program, because this kind of legislation is loaded, because there are other things coming with it, and it follows along, and it is the next step forward.

Now, there is the question of sickness insurance. I wrote into a party platform in Wisconsin a sickness-insurance proposition. We have got the subject of sickness insurance under consideration, and are working on it. We put a bill into the last legislature. It was not a perfect bill, but it drew the fire of those who criticized the proposition, and by the next legislature we will have something, and by and by we will know how to perfect that.

We are searching throughout the world for those things which will be effective, and for ways to work them out within the constitutions of the State and of the country, and by and by we will have a piece of legislation that will stand up and be worth while.

Now, if you people have the patience, I am coming to some of the things. I am going to tie them up, and when I get through I am going to show you what I think is a part of the philosophy. I am saying these things, and while I am doing it you are criticizing me for saying them. You are saying, "Ought we to do this or ought we not to do it?" Anyway you are getting a kind of core upon which your minds are working. You are thinking one way or the other upon this thing, and it is necessary in the consideration of these things to start with an idea and then put your critical faculties at work on it, and thinking about that particular proposition, rather than spreading all over the field.

Now, let us come to another thing. Take housing. You have your existing conditions, and some of them are bad conditions; but do you know that in other countries there is a scheme by which a city will go out and buy up 30,000 acres of land for the purpose of putting houses on that land for working people. The city plans the houses, and puts up model houses, and then the city gives the workman a chance to pay for a house in small payments—in 70 or 80 years, if necessary—and that is one way to solve the question of housing for working people.

Then you are beginning to hit disease. There is a great thing in getting started on this kind of a proposition, because when you try to hit tuberculosis you will hit typhoid fever and pneumonia at the same time. When you are teaching people to open their windows and let in the sunlight you are getting so many other things at the same time, and with sickness insurance and hous-

ing you are hitting a lot of other things. On this question of housing which comes up, what shall we do with that? Shall there be model housing for the District of Columbia? Shall there be a model housing arrangement for the different cities? What constitutional provision is in the way of that sort of thing? Well, why can not it be done? What kind of a Constitution have we got, as Mr. Wilson said some time ago, unless we can go ahead and work things out and do the things that ought to be done? My theory is that the Constitution exists for some particular good, and it was not put there by the fathers for the purpose of stopping us from doing good things. If it were put there by the fathers for a good purpose, then we ought to find out how to use it to the limit. It is inconceivable that it shall be put there for any other purpose.

So there, you see, one thing follows another. There are these conditions of housing, and the life and death of the children coming up—questions of cleanliness—all the different things. The fellow that owns a little home of his own, the fellow whose children have a chance to grow up in health, that is the kind of a workman who is going to be content; and no civilization can be based upon any other thing but the intelligence of the people in the long run—in content and the ideals that go with it. I had a conversation with a manufacturer in Cologne, Germany. He was talking about the reasons why German manufacturers are successful, and he said, "The reason why manufacturers in Germany are now successful is this: We have a village here, and we say to a man, 'Come over into our village and we will give you 10 per cent on your old-age pension, 10 per cent on your sickness insurance, the city will put up a nice house for you, and we will give you so many years to pay for your house. We have a school here which will give you the best opportunities for your boy or girl to come up the line so that they can come to the top of the business. We are going to give you the opportunities so that you can marry, so that you can bring your children up in cleanliness, so that you may have a home, so that you may educate your children.'"

Now, in that condition of things the manufacturer gets intelligence. He gets the opposite thing from the negro slavery that used to exist in the South. He gets the opposite thing from that which exists in crowded tenements. What are the things that he gets on which prosperity is based? He gets prosperity and hope and happiness.

He gets skill plus intelligence, and that high grade of intelligence is the thing which puts Germany up and has brought it up all along the line; and no real prosperity can be on any other basis except that.

Now, I say these things all enter into the questions which must be considered. They are coming up all along the line. I was going to bring up the question of education. Gentlemen, you might as well do a great thing in this country; you might as well attack this great problem, because the whole of the emphasis of our educational system in America is wrong. We pile up the money for great colleges for the people who have it, we pile it into our high schools for the people who have it, and we do not put the money down there in the weakest link in the chain. We say we do it, and we put this money into it, and then we give it to guardians and trustees who, because they have pompous titles, because they are doctors of something or other, are supposed to know about education; and they do not know anything more about it than the Chinese mandarin who did the same thing and who put China in a whole long ago. Let us get at this question of legislation in its relation to these things.

Commissioner LENNON. Amen.

Mr. MCCARTHY. There is no man who has fought for that more than I have. I organized the great university-extension department in Wisconsin, and I nearly killed myself doing it. I brought the first compulsory continuation schools to America. That is a system which they have in Germany. What is the system of the continuation school? It is that you can say to the fathers and mothers, "When your boy goes to work in the factory the manufacturer shall then give 10 hours a week of that boys' time for four years in order that the boy may learn." And what will he learn? Will he learn to be a fast man on a machine? No, sir. If you have a man who is merely fast on a machine, merely skilled on a machine or something of that sort, you are never going to attain the purpose of industrial education. What is industrial education? The purpose of it is the social factor, the things which open the door wide to opportunity. Now, I am talking about the most powerful influence that will cure most of these things. I came down on the train the other day with Mr. Steyer who owns Steyerville, out in Long Island. He said, "I came to this country a German boy 12 years of age, and when I was 16 years of age I went to work

at the brick trade." I said, "Mr. Steyer, how is it that you got to be a contractor and made all this money?" He said, "When I was a mason a man came to me and said, 'Say, I want you to be an assistant to me as foreman. I will teach you the blue-print part of this thing,' and he was as good as his word. He spent an hour every day teaching the use of the blue prints, and how to use the blue prints on a job"; and Mr. Steyer said to me, "That is the thing that has made me different from the ordinary bricklayer. I got an insight into the boss's game." Do you see? That is how he had a chance to come up the line.

Now, there is a thing that we are working for in the Wisconsin apprenticeship law, so that every boy and girl will be given an insight in a practical way, and will be given the opportunity to learn the things that it is necessary for them to know. That does not mean the establishment of some big trade school. It means putting the whole thing into a system controlled by the manufacturers and by the laboring men, as they do in Germany, because the pedagogue never has done it and can not do it. In Chicago, after 35 years of the school men trying to work out these problems, the result to-day is that there are 19,000 children in private commercial schools paying annual tuition fees of \$1,415,000. There are 17,700 children in the public high schools, and the city is paying \$1,114,000 for that work. That is, if you are able to give your boy Latin and Greek he can get that for nothing, but if your boy or girl has got to take hold and help out and get into industrial life, as nine out of ten of them have to do, then you have to pay an extra tax, in addition to paying your share of the taxes for the support of the public schools, and the other taxes that come up in our modern life to-day. That is what they have there. Our school system, gentlemen, is the wrong thing. You talk about employment, but you have got to get down to the question of the kind of material that you have to work with. We know that it pays to invest in better cattle and sheep, because the farm will pay better. We know that the manufacturer has to keep up his machinery, or else he goes back.

Now, if we to-day were standing on a mountain top and looking down over the country, and if we owned it all, if each one of us was a Bismarck, and if we were trying to build up a great and glorious civilization, we would begin by making every one of those human beings down there more efficient. Iron and steel do not do it. The human being does it. The prosperity of the country does it. We would look down there and say, "Every one of those people shall have a better place to live, and if necessary we will destroy the universities." I say "if necessary." It will not be necessary, but you would say, "We will go forward and develop the people, their strength and intelligence. Civilization must ultimately depend upon the growth of these people in their strength, upon giving them the opportunity so that they will grow in their strength and grow in their ideals, and so that their sons and daughters will go up the line. It is a shame to us that Germany can say that 54 per cent of the engineers in their country came up from the continuation schools, came up from below. In America our engineers come from the top, and the working man at the present time is on a dead level, and we have this problem of a shifting population, and there is nobody to take care of the training of the boys and girls that come along, to give them a start in life and make them efficient. That is one of the greatest crimes against society, and it is one of the things that we have got to remedy. I went up and talked before the manufacturers of Wisconsin. They said, 'McCarthy, we stand for all you have done, but when you teach citizenship we will not stand for that. That is some of your socialistic ideas, and we can not stand for that.' They said, 'When you talk about sanitation and a place for them to live in and keeping down sickness and how to instruct the men in the factories to keep down accidents, that is good for everybody, that is practical stuff.'

Now, the teaching of citizenship is not teaching it out of some little book, but it is struggling with these mighty problems that are before us and building up public opinion in order that this country may be rightly governed, in order that the children coming along in the future will have their eyes opened to what good government is, so that they will not be fooled by demagogues. Now, I am not leading you astray about this, because this industrial commission has the opportunity to take up insurance for sickness, housing, industrial education; all these things. You can say, "Here is the District of Columbia. We can try it out in the District of Columbia. We will put these things before the people as a program, which will bring equality of opportunity, health, strength,

and life; the strength to fight, the ability to go out and make their way, the improving of the stock in every way, and the opening of the doors of opportunity. Now, Mr. O'Connell, we talked about that matter of efficiency yesterday, and I made some statement and you jumped right down at me. When I talk about this matter of efficiency—I worked in a factory when I was young—I am not here as a mere theorist.

Commissioner O'CONNELL. I worked 20 years in a machine shop.

Mr. MCCARTHY. I am not here to prove these things, but I am here to ask you people to study them. If I was going up against some other fellow, and he had a brief, I would want to study his brief. I would study his argument. You want to study the arguments about this efficiency thing. I have looked through it. I looked over what Taylor was doing. I talked with the men there. I saw infinite possibilities for wrong in it, but I also saw infinite possibilities for good, and think the working people are not studying some of the things. I think in his great machinery that Taylor is working out there, in the plans that he is now making for these people to come up the line, there are some parts of that thing that ought to be studied, because the country is going to meet it very soon, and if there are parts of it which are for the benefit of the laboring classes in America, then it is something that everybody ought to know about. It could be taught in your industrial education, if necessary.

You can not hide your head in the sand over a thing like that which is coming along. There are some things about that system, as I say, which contains great possibilities for wrong. This thing of introducing a system that makes eight or nine times as much product, it may work unfairly. I am not making that statement. It may be possible if the man has the speed, but it may force a man beyond the point where he ought to go. There may be a possibility of that, but there are other things in there that are well worth studying, as something for the future. I am convinced that there are a great many things of that sort approaching us.

Now, these things are not cure-alls. You talk about industrial unrest here. Was industrial unrest ever solved in the world anywhere? No. We are nearer to-day to a solution of it, and there is more hope to-day than there ever was in the history of the world. There is more hope from the very men now working in Germany on these things. You are going back to what Mr. Quick was talking about. You have got to go back there. You know that the question of the land back there in a country of this kind is a question that has got to be considered. When there is the drifting of people from place to place, because of the cost of living and all that sort of thing, when a country in 10 years has increased in population 20,000,000 people, and the food supply has actually decreased 10 per cent, when there is actually that much less to feed the extra 20,000,000 people, that means there is something wrong. That means that back yonder there was an enormous waste. It means that at the present time there are swamps which are undrained. It means that the Government ought to have some system like that which was suggested here about the Irish land system—a system to be used in taking care of the immigrants coming in here. Shall we say to the immigrant that he shall not stay in the cities? Shall we say to him, "If you come in, you shall go out on the land"? And if he goes out on the land, shall we furnish him some long time means for paying for it, some means for making improvements in order that he may be a producer as well as a consumer?

Then there are the marketing systems such as they have in Denmark and in various parts of Germany and Belgium and Ireland—great examples of efficiency in the marketing of produce. Over \$1,000,000 a week of the produce of Denmark goes directly into the markets of England. There is a great institution, a great wholesale society in England that does a business of \$800,000,000 a year, and it is buying food supplies directly from Denmark. Do you not think it may have something to do with the killing of industrial unrest if we can develop some of these things? I do not say how far back you may have to go. You may have to go back and begin with the child eventually. We may be doing very wrong things to-day in our economic policy. We may have overflowed our cities. We may be putting our hands into the pockets of the people in the cities in order to build up a condition of things that we thought was desirable. All of these things have got to be considered. Then look against the question of efficiency. A boy comes into my department. There is something the matter with him, but I do not know what is the matter. He is sick. I say, "What is the matter with you?" He says, "When I was 14 or 15 years of age I went to work in a copper mill, and there is something the matter

with my stomach. They had to operate on it. I can not work inside and I don't know what I am going to do. I have two sisters, and my mother is a widow and we have to struggle along." I had such a boy as that. I saw that he was a bright boy, and he told me he had passed a civil-service examination or something of that sort. What are we going to do with a boy of that kind? I know what ought to be done with him. I ought to have a chance to put him out on the land, in order that he may be of some service in the future. What means is there for doing anything like that? Australia has some means. Belgium has tried it. There are private industries in England, outside of London, where they are being transferred from one place to another, until the proper place is found for them, and our Government ought to have something of that sort. Well, there is something that you can consider.

You were talking about the glass-bottle blowers and about their industry, which was being driven out of existence by machinery. Do you not think it ought to be the duty of the State to come and take the glass-bottle blowers, whose industry has been destroyed, and give them some other opportunity? Do you not think that where an industry is going to pieces there ought to be something done to educate the people in that industry, so that they may meet the changed conditions? You know how the linotype put the printer out of business, and the owners of printing establishments had to set up linotypes to teach their men the use of them. So I say the Government ought to have some system of industrial education to take care of these men. You know what happened when the nigger machine came along and put the lathers out of business. Men 40 years of age had to send their children back into the factories and their hopes were destroyed. Now, I say it is the duty of the State, in its industrial education, to teach those people the use of new machines and to give them new opportunities. I say that all comes into the field of industrial education—the building up of the efficiency strength of the man and making the most of him.

They talk about the German Army. We do not want any German Army here, but there is one thing that the German Army does, and that is to give the men in it the splendid physical development which makes them famous all over the world. They take a young man and keep him in the army two or three years. He is a tailor. He has always been cramped up and probably underfed, and they take him and give him plenty to eat and set him to building pontoon bridges, and he lives and works in the open air, and in three years he comes out splendidly developed and filled with energy. The weight of taxation for the maintenance of the German Army is paid for in the splendid physical specimens they turn out. In our educational system every boy and girl who goes to work between 14 and 18 years of age ought to be given an opportunity to develop some of that physical strength and ought to be looked after all along the line, in order that they may attain the highest efficiency and in order that our products in the future will be of some good. The great field of industrial education is to make your human product better in the future. Understand, there are many things that I am not going into. I am only putting down four or five propositions.

Commissioner LENNON. You are not letting anything get away from you.

Mr. McCAETHY. I have only put down four or five of them; immigration, land, cost of living, those things I am not going into, because there are some things which you can very well put off. There is the Department of Agriculture and there are other departments that are working on those lines. You can touch it up in its relation to these other things, but you can very well confine your attention to a few things and not go into these others.

Commissioner GARRETSO. Give us your idea of the spinal column, the backbone of the idea out of which all the others lead.

Mr. McCAETHY. The backbone here is that the State must invest in human beings in the same way as you invest in cattle on a farm, in the same way you invest in a factory. You have got to have better human beings. To get better human being you have got to give them the opportunity to live, aspirations to attain, ideals to attain, the door of opportunity opened before them, health, and strength. I am pointing out a few things.

Commissioner O'CONNELL. Your idea is to build people up physically?

Mr. McCAETHY. Yes; using the word "physical" in a big sense; physically, mentally, and all those things. A man will produce more, and the employer will get more for his money, and the State will get more out of the man, and my idea is that the State ought to invest in the health, strength, intelligence, and ability of the people who make up the State. Understand that I am not speak-

ing in a physical sense only. We must never forget that a man is not a horse. He wants to see the child that he dreams about attain to something better than he attained to. He wants to see his boy and girl come up. We hear a great deal about self-made men, the Benjamin Franklins, the Abraham Lincolns, and men of that sort. We want a chance for every fellow. We do not want and lords and commons here.

Commissioner LENNON. If you do not want any Commons, what are you going to do with the professor? [Laughter.]

Commissioner WEINSTOCK. We will take Commons even if he is a professor.

Mr. McCARTHY. I have a project before the political science association for the making of men like Commons. I have been making a lot of them. John is the chairman of one committee of the economic association and I am chairman of another, and we propose to take these young professors and put them at work on actual problems. That is, we put six or eight of our boys into actual work somewhere, and we tell them, "You can spend a year here, and the time that you are here will be credited on your work in the University of Wisconsin." After we have been doing that for a while we are going to make a new kind of professor in the future. The way the boy goes to college now he listens to a lot of lectures, just as they do in China, and he takes these things down. The professor says, "Johnny, learn page 10." The next day he says, "Johnny, recite page 10." If he can remember perfectly what he has read, then he gets a high mark, and if he is a really good high-mark man he becomes a professor, to imitate the whole thing over again. In the University of Wisconsin we are trying to do something different from that, because we want to turn out men like John Commons.

Commissioner O'CONNELL. I agree with you on the idea of the practicability of that.

Mr. McCARTHY. In Wisconsin we are trying to do that. Leiserson is a boy of mine. We have got a bunch of them. Fitch is another. Fitch was the sleepest fellow I ever saw until John took hold of him and took him down on a survey in Pennsylvania, and he waked up, and we could do something with him afterwards. We are getting people to see how we can enlist the constructive forces for good government in this country, in a way that never existed before, by simply combining the practical with the theoretical. The thing which has characterized the University of Wisconsin has been attempts of that kind to bring its boys and girls into practical things. We want to make a system out of it, working away with these professors in the political science department and asking them to indorse it. Now we ought to carry out the same idea in industrial education. You are not going to do it to trade schools.

Commissioner O'CONNELL. You are not going to give them a certificate at the end of six months?

Mr. McCARTHY. No. Of course they are going to work at 16, 17, and 18 years of age, but while they are working we are going to say to the manufacturer, "You have got to give them something out of your time."

Now, I have told you about what will be the backbone; and I have put down only four or five things. If you start that sort of thing and you work it out and stick right to it, and do not let anybody get off on side streets, you will have something a year from now or two years from now that you can lay before the American people and put it up to the President and to Congress and put out in the magazines. It will be presented in such a dignified way, it will be full of such irresistible logic that Congress will not dare refuse to take it. There would be a program which would bring other things with it, all making for betterment, and when you take one of these things here you will find it winding out into all sorts of other things.

Now that is only a small, rough outline. I shall be glad to answer questions. I can not join your organization, because I have got too much work to do. You could not hire me to join it.

Commissioner WEINSTOCK. I was saying while you were talking that we ought to take you away from Wisconsin and get you with us somehow, somehow.

Mr. McCARTHY. You can not do it. I will give you all the advice I have, but most of the men of my kind make a great big mistake sometimes through getting into politics, and then they are no good after that, or else they scatter their remedies all over. I have stuck to Wisconsin, right on that job for 18 years, and I am going to stick there until they fire me out. If they should ever say to me that I could stay if I would keep quiet, I would not keep quiet. I am going to keep right on until they fire me.

Commissioner GABRIELSON. Have you got in your list there two of the subjects that Mr. Lelerson mentioned—child labor and tuberculosis?

Mr. McCARTHY. I am not going to talk about that, but I have some of my boys on those things, and I have some good works in my library.

Commissioner WEINSTOCK. Supposing that we should invite you to do exactly what you suggested that somebody else should do; that is, that you take your corps of young men and prepare tentative or possible legislative measures to be submitted to us to be pulled to pieces and "kicked to death."

Mr. McCARTHY. I would not at the present time state whether I would do that or not, because I would have to think of the crowd I could get together for it. Mind you, these boys are all employed at the present time in different things. We can not turn them out fast enough. The people in the cities want them. I have turned the best men I have had recently into agricultural organization work and the standardizing of our produce. We never can get our produce into the cities unless we can standardize it among the farmers.

The CHAIRMAN. Briefly, what are they doing in the respect of standardizing products?

Mr. McCARTHY. You know at the present time the middle man can not be eliminated unless farm products are standardized.

The CHAIRMAN. Would not that affect this matter of industrial unrest so far as farm labor is concerned? Would not the standardizing of farm products bring them back to the land and make them more efficient?

Mr. McCARTHY. Yes. There are things in which men can work the whole year through, if you can arrange it properly. If you can make it profitable to the farmers to put a little house on his land and get the farm labor to stay there, and to see that it is worth while and give him some chance that will be better for the farm laborer, and it will be better for the farmer.

The CHAIRMAN. What is your present standardizing scheme in Wisconsin?

Mr. McCARTHY. It is so new a thing that I would not want to state it for the record here. I am perfectly willing to state it confidentially.

Commissioner WEINSTOCK. You pointed out in your remarks that while our population has increased some twenty million odd people in the last decade our agricultural production has decreased 10 per cent?

Mr. McCARTHY. Yes.

Commissioner WEINSTOCK. Ought not that in itself to be an incentive to get back to the land, because of the rise in the value of agricultural products, giving them a greater profit than ever before?

Mr. McCARTHY. Yes. There are some very interesting facts in reference to this. Iowa has lost in population, and 19 counties in Wisconsin, in the most prosperous sections, have lost population. They have gone to the cities. In some of those places there are actually no farms out there, and the price of food products is continually increasing. Here is the situation: Our land has been worked out to a large extent. The farmers do not get as much out of it as they ought. Take the year 1873. Why was it that the farmers were poor then? They were selling grain in Europe, the price of grain was away down low, and the farmers were simply competing against one another at that time, and they were mining the soil and selling stuff in the cities at 80 cents where they ought to have sold it for a dollar. Now that the tariff wall has been taken down we are allowing Canada to sell into this country at 80 cents what ought to sell at a dollar, and that is coming out of their soil, whereas the American soil has been prematurely worn out.

Commissioner WEINSTOCK. Wasted.

Mr. McCARTHY. Yes. There are farmers who are making money. Quite a lot of them, but they are a lot of the 2,500,000 renters who are scratching along, while the men who own the land are making money out of it, to some extent. There are all kinds of poor conditions of transportation, and all kinds of middlemen stuck in between them and the consumers. Take the State of Georgia. One of the reports issued recently showed that there was as much cotton produced in one county as the total valuation of the entire county. Seventy-six per cent of the cotton farmers in that county were renters who were being carried along by the men who dealt in supplies, giving them bad seed and bad supplies, and charging them 60 or 70 per cent interest for it. They were not getting ahead any more than the Irish people were, or any more than the people in any other country have gotten along, where the renting system grew up. However much apparently the law of supply and demand raises the price of the goods, there are too many people getting it, and the farmer does not get as much of it as he ought to.

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The CHAIRMAN. Prof. Commons has suggested to me that you probably are going to stay over for a few days, and that we might see you again?

Mr. McCARTHY. My whole life is enlisted in this kind of work. If I can be of any service to you, I will do it at any time.

The CHAIRMAN. You will be here a few days, then?

Mr. McCARTHY. As I look around you I know that you are in earnest; that you are not bum politicians; but that you are trying to do right, and I will work with you heart and soul.

The CHAIRMAN. I want to say to you that we are profoundly thankful to you for your suggestions, and for the splendid spirit in which you have gone at this thing. We will expect to see you again.

WASHINGTON, D. C., *December 31, 1913.*

The commission met, pursuant to adjournment of Tuesday, December 30, 1913, at 9.30 a. m.

Commissioner WEINSTOCK. What shall this commission do about sitting to-morrow, it being New Year's?

The CHAIRMAN. I was going to say there are two gentlemen present who have some very definite ideas to put before the commission, and I think we can hear both of them before the usual hour of recess.

Commissioner WEINSTOCK. To-day?

The CHAIRMAN. Yes.

Commissioner WEINSTOCK. I was speaking about to-morrow.

Commissioner LENNON. I move that we meet at the usual time to-morrow.

The CHAIRMAN. I should much prefer to work to-morrow.

Commissioner HARRIMAN. I am ready to do whatever the commission sees fit.

(After further informal discussion, it was determined to continue the session of the commission to-morrow, January 1, 1914, at 9.30 a. m.)

Commissioner COMMONS. Mr. Bloomfield has been here for a couple of days. He is connected with the Educational Bureau of Boston and is on an investigation growing out of the question of vocational guidance, as to the subject of the hiring and firing of employees by corporations. I have asked him to come here, as it seemed to grow so directly out of these questions we have had before us, and I felt that Mr. Bloomfield would add to the information of the commission at least and let us know of the important investigation he has started.

STATEMENT OF MR. MEYER BLOOMFIELD.

Mr. BLOOMFIELD. Mr. Chairman and members of the commission, I shall make a very brief statement. I do not know whether you will get just what you want of me, but I know you will cross-examine me and ask whatever questions you desire.

The CHAIRMAN. What is your present occupation?

Mr. BLOOMFIELD. I am a director of the Vocational Bureau of Boston.

The CHAIRMAN. And your connection with any other institution, if there is any at the present time, any institution or public or private body?

Mr. BLOOMFIELD. I am at the head of a settlement house, the Civic Service House of Boston, and I am connected with a number of institutions.

The CHAIRMAN. Are you connected with any schools?

Mr. BLOOMFIELD. I am supposed to be the lecturer on vocational guidance at Harvard, and I have university appointments with the University of Indiana, the University of California, and the State Teachers' College of Colorado. And Mr. Lennon's presence reminds me also that I have the peculiar position of being the labor member on the board of arbitration in the garment trades in Boston under the protocol, because I was interested in the New York situation and spent a good deal of time there at the time of the strike; and in our settlement work we have had among our activities of the garment workers and providing headquarters for all sorts of labor matters.

The vocational bureau grew out of the settlement work we have had. It is an attempt to organize industrial and other information for young people particularly who ought to be planning to enter life intelligently. In that connection we issue a series of studies and occupational booklet, which are in use in all the schools of Boston and throughout the country in many schools and in a number of colleges. I have been carrying on industrial investigations of that sort for three years. In connection with that work we found it necessary

to bring the employers in in the same cooperative scheme that we brought in the teachers and social workers; and in saying employers I soon realized we were using a very vague term, as the employer is generally busy and does not come in contact with these young people we are trying to train and guide. It occurred to us, therefore, that the employment superintendents ought to be brought together in an association to discuss the same problem that we in our own worlds discuss with our own language, and which the employer does not get a chance to get at, and then often wonders why things break once in a while. So, two years ago, we organized an employment superintendents' association and it has been growing, and there are 40 members representing the largest employers in Greater Boston, establishments like the John Long Co., Filene, Schrafft, and all branches of industry.

We brought them together because we thought the men who do the hiring of men and who handle this human product of the schools ought to get some idea of what fitness and future means in the career of a child and in the life of the worker. They were men who had never been organized before. It was almost the only thing I had not found organized in a number of establishments. The credit men were organized, and the salesmen and the janitors and sweepers, but the men who pump the lifeblood into an establishment had never come together to discuss their problem. And they are the most difficult problems in the entire establishment. Furthermore, we found that the employment man on the whole was never properly appreciated in the scheme of things. He was often a last thought, an afterthought, an under dog in the establishment, and a necessary evil. He ought to be the best trained and most important man in the efficiency scheme of an establishment, with very large powers of supervision over those who do the discharging, with a very definite say in the matters of promotion. Now, because the employment men have no responsibility we found in establishment after establishment a terrific preventable waste of turnover, of injustice, and of friction and favoritism.

Commissioner WEINSTOCK. Pardon me, but will you be good enough to explain what is meant by employment man?

Mr. BLOOMFIELD. A man in charge of hiring he is often called.

Commissioner WEINSTOCK. In Boston one man hires and another fires.

Mr. BLOOMFIELD. Yes; in a great many instances.

Commissioner WEINSTOCK. Both functions are not performed by the same man.

Mr. BLOOMFIELD. Very rarely by the same man. Very rarely is the employment man supposed to exercise any intelligence. He is kind of a human store-keeper. He gets a request for 50 of this and 50 of that and goes out and fills a mechanical order, and he is the man who takes the first guess, and then everybody else gets a chance to guess all along the line. In a few establishments they have rating sheets. In some establishments they try to organize the promotion scheme. The trouble with that is there is nobody to check the checkers and to judge the judges, and because of that all sorts of peculiar things happen. If I had known I should have a chance to come before you on this short trip, I would have brought illustrations with me, but you know from your own experience that the general scheme of hiring, promotion, and discharge is about the loosest thing in an industrial establishment. And because of that not only is all kinds of injustice possible and friction, but we know of strikes and outbreaks provoked by that situation. And that, of course, is your main interest. There are other phases of this waste which concern the community as a whole, but I know you want to confine yourself to the causes of irritation and the sources of friction, and especially the preventable sources of friction, and there is one. We have a number of recommendations which I have not based on a country-wide investigation, which we have not made, but which we think will be in time, because we want to undertake it.

We have some establishments who have been pioneers in the effort of introducing some kind of order and justice into this situation, and they have an intelligent scheme of selection. They expect the employment manager to be a real staff executive, and have given him some real power, and his judgment counts, and there is an attempt made at an intelligent record of what the employees can do and a preliminary try-out of their capacity. So if they are placed in a department that has a vacancy and happens to need one of the talents which this individual represents, that individual will be placed temporarily. In his record is noted what he can do very well in other departments, so that when his job becomes unnecessary in this first place, he is not discharged. There is a record kept that he can do something else, so he is trans-

ferred. The last thing they want to do is to discharge a man, and naturally in the average establishment where there is no line on what people can do outside of the one specific thing, discharge is the only thing possible. It is very rarely that anybody would think of going to another department for this type of ability when this brings in a question of the study of the application employment blanks. I have been collecting for about two years the application blanks and questions and rule books and whatever meager material there is in different stores and establishments. Those documents also show why there must be a good deal of unintelligent waste. We have found in our studies and in issuing these small booklets, on what different industries require, that almost no employment managers have sufficiently analyzed the question to know what they want, to lay down intelligently what is required. When you give them oftentimes what they ought to have, they do not know what they need. These application blanks, if you will cut off the letterheads of the individual houses, you could shuffle the pack of them and you would not know whether it was a department store or a shoe factory or some railroad, with all due respect to Mr. Delano; you would not know what industry is asking the question. It is unthinkable that we can place people right and secure permanence and efficiency and contentment for which one has in a job which he should be doing, while this blindness to the needs of the situation exists.

Employers realize it is a serious problem, just as do the working people, and they realize it so seriously that they stop over sometimes and employ phrenologists and mind readers and all sorts of things to get some solution of the problem. But their method of approach is absolutely the wrong method. This is simply to indicate that there is a real problem there, and it is felt all along the line from every viewpoint. That is all I have to say.

The CHAIRMAN. We are very much obliged to you.

Commissioner GARRETSON. You have not found any astrologers, have you?

Mr. BLOOMFIELD. I suppose they will come out.

The CHAIRMAN. Are there any questions which the commission desires to ask Mr. Bloomfield? I suppose we are about at the point now where we might go into our executive session.

Commissioner O'CONNELL. I suggest we might go into a formal executive session before we adjourn.

The CHAIRMAN. Very good. There is just one suggestion that Mr. Croxton had to offer, which I think is very valuable and which I believe he should state now.

STATEMENT OF MR. F. C. CROXTON—Recalled.

Mr. CROXTON. It will take not more than three minutes; I am a man of few words and many figures. My new work involves giving considerable attention to accident statistics. I am speaking now as chief statistician of the Ohio Industrial Commission. The next year will probably see 80,000 accidents in the State of Ohio. Just recently I have been in conference with some of the accident men from the larger industrial organizations there, and one organization, one industry, may report accidents, no different whether they involve loss of time or not, and another may not call an accident and accident unless there is a loss of two days' time; or in other cases it may be a week's time. And some confusion exists between the different States. Pennsylvania, for instance, is asking for a report of all accidents lasting more than 48 hours; that is, where the employee is incapacitated for more than 48 hours. In our State we ask for a report of every accident, but we ask for it only from employers of five or more employees regularly.

Now, it is not possible for us to change the State laws, but it is possible for us to get our accident statistics on some comparable basis so that one State may have the advantage of the experience of another State. The purpose of accident statistics is not to compile together figures, but to lead right up to accident prevention, and we need all the experience that we can get from the other States as well as our own.

I submitted a memorandum to our own Industrial Commission of Ohio about a month ago, suggesting that we call a conference of the men who were actually engaged in accident prevention and in the compilation of accident statistics, and arranged for some scheme of comparable statistics. And I said that the call might come either from this commission or the Ohio State Commission, or from the Federal Bureau of Labor; and they authorized me to proceed either to call it as a State representative or to bring the matter to your attention, just as I saw fit. And it seemed a better method to bring it to your attention,

Mr. Chairman. It is not something that would require the work of the commission, but the work of the people who are actively engaged in this sort of thing throughout the country.

The CHAIRMAN. Have you submitted the matter to Mr. Lauck?

Mr. CROXTON. I have in writing, and if you want I can get Dr. Meeker, of the Federal bureau, to cooperate. There is a certain advantage in having the Federal Government back of these things, as there is a certain rivalry between States. And I can get him to join in the call, I think. We can have a meeting in Columbus, as I think it is more central than Washington.

Commissioner COMMONS. We started that three years ago in Wisconsin, and we found that we could not get any uniformity, simply because every State was determined to go its own way; and if your scheme is a method of bringing pressure upon States that will bring about some sort of uniformity it might be something this commission could do.

The CHAIRMAN. Could we gather the information? Could a Federal labor bureau gather that information in that form, irrespective of the action of the State?

Mr. CROXTON. I might say this, answering both questions, that we must follow our State law; we must get a report of every accident, regardless of whether there was a loss of time. And in another State they must report every accident lasting two or more days. There are certain fundamentals we can bring together. For instance, we can tabulate those lasting less than two days, and we can agree on something of that kind. I would feel safe in saying there would not be any trouble in sitting down with you, Prof. Commons, or with your statistician, and working out some scheme whereby the statistics for your State can be made comparable with the statistics for our State; not fully, however, as we have to show more than you do.

Commissioner COMMONS. Would you want to go further and make a recommendation that the States adopt uniform requirements for the statistics of accidents?

Mr. CROXTON. I would like to, but I do not know whether we are quite up to that or not. We can lead, but we must follow, too. I am afraid we could not do that because many of these States would not want to change.

Commissioner DELANO. A table which would show the different methods of preparing statistics in different States would be valuable.

Commissioner WEINSTOCK. Your idea would be to standardize the States and have a uniform system?

Mr. CROXTON. So far as possible. It seems to me we can standardize the fundamentals. For instance, I can eliminate the accidents of less than two days from our reports in order to make the statistics comparable with Pennsylvania.

Commissioner WEINSTOCK. I think it is possible to do that, because a much more heroic task than that has been done. They have taken the countries of the world, including such backward countries as Russia and Egypt, and they have standardized their crop reports, and they are uniform all over the world.

Commissioner GARRETSON. Is it not a fact that the Government itself in its statistics on accidents needs as much curing as any place else?

Mr. CROXTON. It does, indeed. If you will allow me a moment more—I am interested in a good many things, and one is to keep from everlastingly bothering employers and trade organizations in our State and Federal investigations. I spent half the forenoon trying to arrange to help work out a plan of cooperative work between the Federal bureau and the New York State bureau on their price work, a subject I have been very closely connected with, so as to save going back to the merchants and employees constantly. First, the State government, and then the Federal Government, and then somebody else comes along. Let us do everything at one time and do it so it will be usable and show results rather than have each man work for himself and the devil take the hindmost, as we say. Now, of course, I do not know that this is feasible, but I believe it is, and I believe it will be a good piece of work for the commission if they can do just such things, and they will be lasting.

Commissioner COMMONS. Do you think we can do it better than Mr. Meeker's office can?

Mr. CROXTON. I think we can join with them. I am authorized to take it up for Ohio or I would ask you to authorize me to work as your consulting statistician and take it up as the man you might want to introduce it, or anyone else. I do not care. I am not asking for more work, but I will take up with you or with Dr. Meeker that question so long as we accomplish results.

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Commissioner GARRETSON. Do not the Bureau of Labor Statistics and the Interstate Commerce Commission follow two dissimilar plans to get their information?

Mr. CROXTON. Absolutely; and I have been working hard to get them together there, as you know.

Commissioner GARRETSON. But does the Bureau of Statistics do it under any existing law or only under a ruling of the department?

Mr. CROXTON. No; we worked out our best plans there.

Commissioner GARRETSON. Well, that is true of the commission, also. It is nothing but the commission's regulation.

Mr. CROXTON. But it is under the law there; that is, the law is different. For instance, the Federal compensation act—

Commissioner GARRETSON. Oh, with you; but I mean with the Interstate Commerce Commission, they can change their requirements at any time.

Mr. CROXTON. Yes; at any time. Now, you can leave this matter for me to work out with your managing expert or turn it down.

The CHAIRMAN. We will take it up with the other matters to be given consideration.

We will now take a recess until 2.15.

(Whereupon, at 1 p. m., a recess was taken until 2 p. m.)

AFTER RECESS.

The commission met, pursuant to adjournment, at 2.35 o'clock p. m.

Commissioner GARRETSON. Mr. Chairman, I suppose every member of the commission here has been battered—I am using the word to describe my own experience—by those who have appeared here, or who have been interested here, to know what we are going to do along this line or the other. I have said to these men, "I have no idea what the commission will do on this, that, or the other. I am one individual member, and the commission has not found itself yet." Now, we will never find ourselves in our relation to each other until after a very considerable amount of discussion of these problems, and I do not believe we will ever become a mosaic until we have occupied a considerable time in the discussion of these things before arriving at definite action. Therefore, whenever we start in discussing a program, whatever it may be, whether the one submitted or modifications thereof that may be suggested, we are going to put in a good many hours before we get down to the proposition of the path we are going to travel.

Commissioner O'CONNELL. We have heard several phases of various conditions from the people who have come before us. There is an entire interest from whom we have not heard at all. The labor interest has had no representative before us at all. They are intensely interested in the success of this commission, and we have not heard from their representatives, who are behind the legislation that created this commission. They were the men who forced the legislation through. I was one of them. I spent a good many days and nights lobbying for the enactment of this law, because I am located here and have had charge of the federation legislative affairs in Washington as one of the committee of three who have conducted the campaign here. Now, we have had doctors of almost every type before us, but there are men who have given a life study to questions which we ought at least look into. For instance, there is Mr. Gompers, a man who has traveled all over the world and knows the history of all these things that Mr. Cohen talked about this morning, and he knows them from practical experience. Then, there is Mr. Mitchell, who has given a life study to the question of compensation and industrial relations and contractual relations. He had charge of those matters until his organization forced him to quit the federation. My own organization did the same thing with me. I am one of the originators of the National Civic Federation. Before we came to New York we were located in one room in Chicago.

There is Mr. Winslow, who has given study to these questions, not only in this country but has traveled abroad to study the question of industrial education, and he has made a report that is unequaled by any other report that has been made in the United States by anyone. Then there is Mr. Duncan, for instance, who is the head of one of the oldest organizations in the country and one of the ablest and broadest men in the labor movement of this country, and who has had a lifelong experience on contractual legislation in matters between employers and employees.

There are a number of such men. The opinions and advice of these men ought to be heard. I am in perfect accord with what Dr. Devine said the other day as to what the commission was created for and what caused its creation. I helped to change the law that was originally drafted providing for the creation of this commission. Mr. Gompers and I were the ones who drew up the things that he said ought to be put in. We would not agree to the law until it was changed in that way. There is a matter which I should like to state to this commission in confidence and not for the record.

Now, as conditions are similar at the present time to what they were when the commission was created, it seems to me that this commission can not do other than take notice of these things, either through the whole commission or through a subcommittee or by direction of some one to represent the commission in the matter.

My experience for 25 years in an executive capacity leads me to believe that you can not shift everything to the shoulders of some little fellow. When I wanted to get actual results in our organization, when they wanted to hear the boss speak, I had to go there and speak for myself, and then they did things, and I think that applies in this commission. If you are going to delegate all these things, big and little, to big and little fellows to go out and do, I have my doubt as to the result, even in getting the necessary information. If some little kid of a boy comes into my office for information, wants to go through my records, and look over our files, I give that fellow three or four looks to see whether he is big enough for that job, and ask him what he wants and all about it. I hesitate, and very often do not do it. If we want the big things, it takes big people to do them and get them, and I am of the opinion that this commission has got to busy itself, either as a whole or by a subcommittee, to get at some of the real underlying causes of this industrial unrest. I do not know of any better place to get it than right in the heat of the battle, where we can see conditions as they exist now, even better than after the conditions have quieted down. I think the situation in Calumet and in Colorado warrants it, and other situations warrant it.

I think this commission ought also to hear some laymen, practical men, men who have been up against the proposition of getting their fingers cut off and their noses ground down and their wages cut down and their hours of wages kept at the long time, and all that. They may not be so polished in the way of presenting things, but they will present ideas, they will give you thoughts and things you can work on; in addition to which you can get men here who are capable of presenting those things in just as intelligent a manner, and I believe from experience you will lead us along in the direction of avoiding unnecessary things.

I believe this commission ought, if it is possible, to have a subcommittee of the commission actively engaged all the time in this business. The job is so big, and it has got to be done in such a short time, and it has got to be worked out so quickly that in my opinion it can not be done by our meeting once in three months and probably never seeing one another in the meantime, and probably not even exchanging letters. I think we ought to have a sufficient active force in our commission, actively engaged all the time, every hour, in the work, either by a subcommittee or some other method, and to map out work and avoid unnecessary accumulation of things that only mean a piling up of work for stenographers or typewriters. I do not think we can accomplish things unless we do that. I have been an active man all my life, and every day when I close my desk I like to feel that I have either finished something or started something. It seems to me we ought to get ourselves into that position.

Commissioner LENNON. I think this work that Mr. O'Connell is telling about is the first and most pushing work. I think it is work that ought to be done.

Now, there is a personal matter which I may as well state at this time as at some other time. When I was asked to take this place, I said if I was appointed on this commission, I would give practically my whole time to the work. The President was assured of that when friends of mine went to see him, and I am going to do it. I am going to do that. I am going to give my whole time to the work. I want to be useful. It may sound egotistical, but I believe I am capable of being useful. I want to be useful, however, just where the commission wants me, and not anywhere else. I do not want to be useful where I myself would simply be satisfied, but I want to be useful where the commission can use me. I believe we should investigate in Colorado and Calumet and Indianapolis and Lawrence. That is not too far gone by; and above all the McNamara case. There is a lot to that case that, close to

it as I was in many respects, I do not know about, that I want to know about, and that I think the public ought to know about. If there is nothing more to know, we will find that out. If there are some things to know that reflect still worse on that organization than what has been brought out, I am in favor of the public knowing that, and if there are things to be found out that reflect less than the public now believe, we ought to know that.

There is the Los Angeles situation, where, so far as the spirit of dissatisfaction and the straining of industrial relations is concerned, the situation is actually worse than in any city in the world, unless it be the places where the contest is on right now. There is no city where there is comparatively industrial peace so far as strikes are concerned, where the relations between employers and employees are so strained as in Los Angeles, and I believe that they ought to be investigated.

Commissioner O'CONNELL. I think a subcommittee of this commission ought to be appointed, if there are members who can give their time to it. I am not looking for a job at all, but I explained to my organization at the last meeting that it must be understood that I could take all the time I wanted. That was understood when I was first approached on the matter of taking a position on this commission. I think a subcommittee of the commission should be delegated with power to make certain investigations, to hold certain hearings, and that the results of their investigations and hearings should be boiled down into the actual meat of them and copies of those hearings and reports sent to the members who have not been in attendance, so that they will be as familiar with the matter as though they had been there, while any other work that we may have is going on.

I think we should have a publicity man—somebody whose business, in connection with some other work that may be assigned to him, is the business of publicity. I think it is unfortunate for this commission that the delay in its appointment and the delay in securing the money with which to go ahead has rather mitigated against its success. Had the commission gone right on after the law was first passed, then we would have been right in the atmosphere that created the commission, but a year afterwards the atmosphere has cleared up somewhat.

But there are a great number of people in this country who are interested in what is going to be done. I do not refer now to those whom I have mentioned, but they expect to be called before this commission. They expect to have something to say to them as to the underlying causes of industrial unrest in this country. I think the sooner we get at that, the sooner we will be prepared to sit down and hear their ideas and then go on and get further information as to the cause of unrest. The things that have come before us have been very interesting and striking, but I do not feel as though they were the underlying causes of unrest. The things that make people hungry, the things that make people savages, are the things that appeal to me as the causes of unrest. Think of the factories, workshops, and mines, where women and children are employed under laborious conditions. Those are the things which make for unrest. I think we ought to interest ourselves quickly in the matter of getting at the basic causes. I think we ought to call before us the grouchiest, meanest employer we can find and let him pour his wrath on our heads, and let us hackle him a little bit, and we will find out what is the real trouble. I like to hear those men talk. I have got along with employers for 25 years, and I do not know of any enemy that I have among employers.

I think that these are some of the things that we ought to do, and we might have a kind of informal conference and draw out some of the plans that are in one another's minds. I hate to sit down for three months and not be doing anything. Mr. Walsh and Mr. Ballard and Mr. Weinstock and I have had a job. Mr. Weinstock has not had much association with us because of his great distance from us, but we have been doing some work on the side.

Commissioner WEINSTOCK. I think it might be of interest to find out how many members of the commission are available for continuous work, if continuous work should be needed.

The CHAIRMAN. My understanding is that this is exactly what we are going to get at when we come together. Mr. O'Connell has expressed a great deal of it here. I am as impatient to be at work as anybody on this commission, but we must lay the groundwork for it, and my notion is that you ought first to see what Mr. Lauck and Mrs. Harriman have projected, and what I have attempted to assist them in. They have covered a good deal of ground in 60 days, and they certainly have not lost any time. That is my information about it. If we had

started to hold investigations any sooner, I think it would have caused a waste of money and efforts. We have laid the groundwork, and it may be that every member of the commission will be of one mind as to what ought to be done in the appointment of subcommittees and what ought to be done about making these investigations and the reasons for them. There may be a difference of opinion, but I think we can thrash it out speedily. I do not understand that those who have appeared before us have appeared as witnesses.

When I hear a witness I want to hear all sides. If I were getting witnesses on the general causes of industrial unrest, I would take the heads of these associations. I would take Mr. Emery who has been around here, and I would ask Mr. O'Connell to get the American Federation of Labor people, and I would get some of the people who were in touch with these organizations that we have heard so much about as to coming dangers. We would hear all sides of it. So far as I am concerned, I know that this meeting has done me a lot of good, although I do not agree by any means with all that has been said, and although I have tried to separate the theoretical from the practical, and although I have noticed that the theoretical was much in preponderance. I suppose the rest of us have noticed that as we have gone along. Still we are laying the groundwork for what we are going to do, as I understand it, and this is the meeting at which we are to conclude as to just what we are going to do. I know in the talks I have had with various members of the commission, every member has seemed to have a pretty well-defined idea, and bring these things out, and get together on them if we can. If we can not do that, we will get a majority of the commission to define their policy and follow it out.

Commissioner WEINSTOCK. Then the problem is, what is the next one thing to do?

The CHAIRMAN. Mr. Ballard has some notions, and Mr. Garretson has some notions, and they are both temporarily absent, and I would not want anyone else to express their views for them.

Commissioner O'CONNELL. Oh, no.

The CHAIRMAN. I know Mrs. Harriman's views reasonably well. I know Mr. Ballard's views quite well, and I know Mr. Garretson's and Mr. Delano's views. I do not know Prof. Commons's views as well. I have had less talk with him than with anyone else. I think we will save two hours by waiting until Mr. Ballard and Mr. Garretson are here.

Commissioner HARRIMAN. I met Representative MacDonald, of Michigan, at the House of Representatives the other day, and he said he wanted to come here, so he came down to see me, and he saw Mr. Lauck and myself. He said he went to see the President and asked him if he would push a congressional investigation of conditions in Calumet. The President did not give him any promise one way or the other. He said he was very much interested and very much beset by the condition there, but he said to him, "We have an industrial commission now from which I am hoping great things, and I think in all probability we are going to throw light on this very situation that you are talking about"; but Mr. MacDonald does not want us to do that. Did you not gather that, Mr. Lauck?

Mr. LAUCK. Yes.

Commissioner HARRIMAN. He wants a congressional investigation.

Commissioner O'CONNELL. I have talked with him about it. I think the congressional view of the matter would be largely political.

The CHAIRMAN. I think the administration looks largely to this commission to do some real work?

Commissioner HARRIMAN. I know it absolutely.

(At this point Commissioner Ballard returned to the conference room.)

Commissioner O'CONNELL. Representative Lewis, of Maryland, chairman of the Committee on Labor in the House, who is the father of the parcel-post bill, and who is interested in the public ownership of the telegraphs and so on, was very much interested in this bill, and was a member of the committee that reported the bill, when Secretary Wilson, of the Department of Labor, was chairman of that committee in the House, and Mr. Lewis, who is a very bright man, is very much interested in coming before this committee.

Mr. LAUCK. We tried to get hold of him for this meeting, but he is out of town.

Commissioner O'CONNELL. He spoke to me, and wanted me to arrange some time for him to have a chance to talk to a subcommittee with regard to some matters that he wanted to bring to the attention of the commission.

(At this point an informal recess was taken, after which the commission reassembled.)

Commissioner DELANO. I move that the matter of furniture for the offices of this commission be left to a committee to be appointed.

The CHAIRMAN. Prof. Commons says that we can get all the room we want in the Commerce Building for 60 cents a foot, and we are paying \$1.20 a foot here. Suppose we leave that in the hands of a committee to do what is best. Mr. Delano and Mr. Weinstock—

Commissioner DELANO. I think you had better leave me off the committee.

Commissioner WEINSTOCK. It would not be practicable for me to act on that committee.

The CHAIRMAN. Then, how about this suggestion, that the committee consist of Mr. O'Connell, Mrs. Harriman, and Mr. Ballard?

Commissioner HARRIMAN. I suggest Mr. Lennon in my place.

The CHAIRMAN. Inasmuch as you are the resident commissioner.

Commissioner HARRIMAN. I have so many things to catch up with that I would rather not do it.

Commissioner O'CONNELL. Do you mean the matter of finding new offices?

The CHAIRMAN. The whole question.

Commissioner BALLARD. These quarters are scarcely large enough, anyhow, and we can get twice as much space for the same amount of money in the Commerce Building, as I have been informed.

Commissioner GARRETSON. Is that the Interstate Commerce Building?

The CHAIRMAN. The Department of Commerce Building.

Mr. LAUCK. There is another point in that connection. We might get quarters for nothing, so a committee ought to be empowered to look into that. The War Department may give us rooms for nothing.

Commissioner HARRIMAN. I do not know whether Secretary Garrison was serious or joking, but he said he did not know why we did not come to the War Department; that the Red Cross people had their offices there.

Commissioner WEINSTOCK. I move that a committee be appointed with full power to act.

Mr. LAUCK. The old Economy and Efficiency Commission had 11 rooms in a building across the street from the War Department, and I understand those rooms are going to be vacant.

The CHAIRMAN. Suppose we let Mr. O'Connell and Mr. Ballard, in connection with Mr. Lauck, go ahead and do the thing. I will add Mr. Lennon to that committee. If there is no objection, I will appoint a committee of three, consisting of Messrs. O'Connell, Ballard, and Lennon, to take up the question of quarters and furniture.

Commissioner O'CONNELL. Are we empowered to go ahead and do what is necessary?

The CHAIRMAN. Yes.

Commissioner WEINSTOCK. Might it not be well to give them authority to get whatever furniture may be needed?

The CHAIRMAN. Yes. That is your authority, to secure furniture, and with full power to act.

Commissioner WEINSTOCK. I call for the question.

The CHAIRMAN. If there is no objection that will be agreed to, and that committee is appointed.

Now, what is the pleasure of the commission with reference to this program? Commissioner COMMONS. Would it not be a good idea for us to go into committee of the whole and not have anything taken down, in the discussion of this program, whether we are going to take up the question of strikes, etc., so that, if we wish, all of us may change our minds?

Commissioner WEINSTOCK. Just to find out where we are at.

Commissioner COMMONS. I have some pretty definite ideas on the subject.

Commissioner WEINSTOCK. And I have not.

Commissioner COMMONS. And I want to change my mind if necessary.

The CHAIRMAN. It is moved that we go into committee of the whole, without the stenographer.

(The motion was agreed to.)

Whereupon, at 4 o'clock p. m., the commission resolved itself into committee of the whole, in executive session.)

TRADE AGREEMENTS IN COLLECTIVE BARGAINING

(For exhibits under this subject, see pages 748 to 761.)

COMMISSION ON INDUSTRIAL RELATIONS.

WASHINGTON, D. C., *Monday, April 6, 1914.*

The commission met at 10 o'clock a. m., in the assembly room of the Shoreham Hotel.

Present: Commissioners John R. Commons (acting chairman), Mrs. J. Borden Harriman, Frederick A. Delano, Harris Weinstock, S. Thruston Ballard, John B. Lennon, and James O'Connell.

Present also for the commission: Mr. W. O. Thompson, counsel; Mr. W. Jett Lauck, managing expert; Mr. George E. Barnett, special investigator; Mr. F. H. Bird, superintendent of Division of Public Agencies; and Mr. B. M. Manly, superintendent Division of Industrial Investigations.

The ACTING CHAIRMAN. The commission have been waiting for one or two witnesses, but as they have not appeared, we will go ahead to save time.

The hearings this week are mainly on the subject of trade agreements in collective bargaining with reference to associations which have had a practical experience in that matter during the last 10 or 20 years.

We want to bring out such things as the personal experience which these gentlemen have had in these contracts will show—what are the essentials of the different agreements, the methods of negotiation, how they are brought together, the effects on the profits and liberties of the employers, and on the wages and on the industry generally; such difficulties as might arise in the way of carrying out agreements; if arbitrators or odd men are chosen, in what way and what are their powers, and whether a system works well with arbitrators or without arbitrators, and what questions are excluded from arbitration; the question of the extent of organization on both sides that is necessary to make it successful, and then suggestions for improvements, whatever the witness from his own knowledge and experience, might have to offer, in order that the commission, in its final report, might make some substantial suggestions or recommendations on this subject based on actual experience of different organizations on agreements that have been successful and on agreements that have failed.

The adviser of the commission, Mr. Thompson, has charge of the hearings and will call the witnesses, and we will now proceed with the hearing.

Mr. THOMPSON. Mr. Chairman, I would like first to call Mr. Mitchell.

TESTIMONY OF MR. JOHN MITCHELL.

Mr. THOMPSON. Mr. Mitchell, for the purpose of the record, will you kindly give the reporter your name and address, your present business, and your connection, past and present, with the mining field, particularly the anthracite field, or both the anthracite and bituminous fields?

Mr. MITCHELL. My name is John Mitchell. I am now a member of the State Working Men's Compensation Commission of New York. By the way, I have only held that position for the past few days.

From 1898 until 1908, a period of 10 years, I was president of the United Mine Workers of America, and for the past 15 years, ending with the 1st of January, I was second vice president of the American Federation of Labor.

Mr. THOMPSON. Will you please give, as far as you know it, the history of trade agreements in the anthracite coal fields, and your own connection with such agreements?

Mr. MITCHELL. May I preface the testimony by saying that the anthracite coal field does not offer the best field for the discussion of trade agreements. The bituminous field is the best example of the working of trade agreements in the coal industry.

Mr. THOMPSON. We had intended to cover both fields, Mr. Mitchell, with you.

Mr. MITCHELL. May I start with the bituminous field, then?

Mr. THOMPSON. You may start with the bituminous field, if you prefer.

Mr. MITCHELL. The United Mine Workers of America is an amalgamation of two rival international unions, each claiming jurisdiction over men employed in the coal-mining industry.

In the month of January, 1890, the National Protective Union and District Assembly 135 of the Knights of Labor, both organizations claiming and exercising jurisdiction of the coal industry, were amalgamated into what is now known as the United Mine Workers of America.

I am not familiar with all the efforts that were made prior to 1886 to negotiate trade agreements in the coal industry, but from 1886 until 1890 there were agreements to negotiate between mine owners and mine workers in various parts of the country, and attempts were made from time to time to arrange conferences for the purpose of making agreements covering the whole field of mining; that is, what we term interstate wage conferences.

However, the efforts were not very successful. In 1897, at a time when wages had fallen so low in the mining industry that men were not able to earn a living, and when mine owners were, because of the demoralization of the trade, unable to make profits upon their investments, and at a time when it seemed impossible to arrange conferences between mine owners and mine workers for the purpose of negotiating wage conferences, the miners decided that it would be necessary to inaugurate a strike in order to compel, if possible, the mine owners to meet an interstate convention for the purpose of negotiating a wage agreement, and on the 4th of July, 1897, a national strike of coal miners was ordered.

May I say at this point that at that time there were but 9,000 organized coal miners in the United States, and the industry at that time employed approximately 400,000 men.

The miners adopted as a slogan that "We might as well starve idle as starve working" and the response to the call for a strike was general throughout what we call the central competitive coal field; that is to say, western Pennsylvania, Ohio, Indiana, Illinois, and some States west of the Missouri River.

After striking for some two months, and in some places for four months, a settlement was arranged, and an advance in wages secured.

One condition of that settlement of that strike was that in the spring of 1898 the mine owners of western Pennsylvania, Ohio, Indiana, and Illinois were to meet with the representatives of the United Mine Workers of America in interstate convention for the purpose of making an agreement.

In the month of February, 1898, there convened in the city of Chicago the representatives of the miners and mine owners of the four States just mentioned, and at that conference the first general trade agreement between the miners and mine owners was made and effected.

I have here, and can furnish for the record, the organization of that convention, and I think perhaps it would be of great value to your investigation if the record were to show just how a wage conference is organized.

The agreement made in this Chicago conference was for a period of one year, with an agreement that at the expiration of the contract, or prior to its expiration, there was to be another conference of the parties to the contract for the purpose of considering the making of another contract. Those conferences have been held annually or biennially from that time until now.

It is true that upon the expiration of some of these agreements with the miners and mine owners they have failed to renew their contracts, and that their interstate joint conferences have temporarily dissolved, making it necessary to negotiate the agreements by districts—that is, by States, rather than by interstate conferences—but in every instance a year later or two years later the interstate joint conference movement has been rehabilitated and negotiations reopened and contracts made.

In the mining industry, which, by the way, is perhaps the greatest experiment that has ever been made in the matter of trade agreements—that is to say, the contracts affect more men than in any other industry in the United States; in the States of Illinois, Ohio, Indiana, and western Pennsylvania there are employed approximately 200,000 men—these contracts that are made in interstate convention determine the wages and conditions of employment for all these men. Furthermore, the contracts fixed the basis upon which other contracts are negotiated in other States and other districts.

In 1903, following the negotiation of the contract between the miners and mine owners of the central competitive field—that is, western Pennsylvania,

Ohio, Indiana, and Illinois—the operators and miners of what we call the southwest district—that is, Arkansas, Oklahoma (then Indian Territory), Missouri, and Kansas—met in interstate convention and formulated an agreement. That movement in the Southwest still continues, and either annually or biennially contracts are made affecting the mines of all those districts.

In the eastern part of the country, central Pennsylvania, which employs approximately 100,000 men, they have entered into contractual relations, and agreements are made annually there.

In the Southern States agreements are made between the miners and operators of separate States. There is no interstate movement in the South.

In Michigan and the North they have interstate agreements.

In later years this process of making wage agreements and establishing industrial relations has been carried into the Northwestern States. At the present time the States of Wyoming and Montana constitute one trade or scale district, and the State of Washington is a separate district.

The process has been carried beyond the confines of the United States, and applies in many parts of Canada.

So that in the United States at the present time there are approximately 750,000 mine workers employed, and I estimate—it must be a rough estimate, because we have no means of getting the exact figures—that 525,000 mine workers have their wages and conditions of employment determined and fixed by agreement with mine owners.

In the organization of a convention of this kind the miners are represented by delegates from their local unions. If I may picture just one conference, for instance, it is customary for the miners and mine owners in the central competitive field to meet in the city of Indianapolis. The miners are selected by their local unions, and the mine owners select their representatives through their associations, or they may appear as individual owners of mines where there is no organization of mine owners.

The mine owners are seated on one side of a great hall and the mine workers' delegates are seated on the other side. By agreement each State and party to the conference is entitled to four votes; that is to say, the miners of western Pennsylvania have four votes, and the operators of western Pennsylvania have four votes; the same for Ohio and the same for Indiana and the same for Illinois.

No motion may be declared carried unless it receives the unanimous vote of all the parties to the conference. That is to say, a motion to fix wages or hours of labor or that relates to any main or principal question must receive the unanimous vote of all parties to the conference; otherwise the motion is declared lost.

This process, as you will readily understand, protects the interests of the miners and mine owners, because no combination can be made in the convention between the miners and mine operators of one State that would impose a wage scale upon the operators and mine owners of another State that they were unwilling to accept.

There is no arrangement made for the arbitration of a question of dispute, should they fail to reach an agreement; and that feature, of placing the responsibility squarely upon the parties to the dispute, the parties to the conference, is, in my judgment, the most important feature of the conference.

It is often suggested that provision should be made for the arbitration of a dispute should the parties to the dispute be unable to reach an agreement; but my own experience has satisfied me that such a provision would lead, inevitably, to the disruption of the whole movement. When men have the responsibility upon themselves, and they can not escape it by referring it to some other tribunal, they are much more likely to exercise their responsibility than they would be if they could escape it by referring the matter to some outside party.

The practicability of this method of doing business is demonstrated rather conclusively by the fact that there have been very few disagreements in any of these wage conferences. If there have been disagreements, they have been only temporary suspensions of negotiations, and before the scale actually expired, or before there was any prolonged suspension of work, the parties have met again in conference and have succeeded in making an agreement.

In 1902, or, rather, in 1900, an attempt was made to extend this method of regulating trade relations with employers to the anthracite coal fields, a district which at that time had 147,000 men employed. We were unable to persuade the mine owners that they should enter into contractual relations with the United Mine Workers of America, and a strike ensued that lasted for six

weeks and was settled by the owners conceding some advances in wages and improvements in conditions of employment, but no agreement was made.

In 1902 another strike occurred in the anthracite fields which resulted in a failure to negotiate a settlement, and that strike was settled by the intervention of the President of the United States and the appointment of a tribunal which was known as the Anthracite Coal Strike Commission, which after a very exhaustive investigation made an award increasing wages and reducing the hours of labor and improving the general conditions of the employment of the miners.

That award was to be effective for a period of three years. At the end of that time negotiations were opened with the anthracite coal mine owners, and from that time until this the wages and conditions of employment in the anthracite coal field have been determined by agreement with the representatives of the mine workers.

It is necessary at this point to say that in the anthracite field, which differentiates somewhat from the bituminous coal field, the agreement is not made officially with the United Mine Workers of America. The interstate mine owners—that is, the presidents of the railroads that operate the mines in the anthracite field—insist, first, that the agreement shall be made, but they will not make the agreement officially with that organization. They make it with the officers of the organizations, but the agreements are signed individually; for instance, in signing the agreement that I negotiated with them in 1906 I signed my name "John Mitchell" and struck out "President of the United Mine Workers of America." That, I take it, is done in order to save the dignity of the mine owners.

Perhaps I am talking without following your scheme?

Mr. THOMPSON. Now that you are speaking about the anthracite field, I will ask you what changes were made in the agreement of 1902 by the agreements of 1906, 1909, and 1912, if you know?

Mr. MITCHELL. The agreement of 1903, which was the award of the Anthracite Coal Strike Commission, was renewed in 1906 with only slight modifications as to the methods of adjusting grievances. There was no change made in the wages or hours of labor, but some better understanding was had as to the recognition of committees for the purpose of adjusting local grievances that arose from time to time.

The agreement of 1909 in the anthracite coal field was practically a renewal of the agreement of 1906. The agreement of 1912, about which Mr. Hayes will give better evidence when he appears on the stand, provided for an advance in wages—in figures 10 per cent, but in money, in actual increase in wages, about 5.6 per cent; that is to say, under agreements that had been negotiated prior to that time, or, rather, under the award of the Anthracite Coal Strike Commission, a sliding scale of wages was established. A minimum was fixed, and for each 5 cents a ton in the selling price of coal in New York Harbor or at tidewater the miners were to receive 1 per cent advance in their wages, and the result of that sliding scale aggregated to the mine workers an average advance of 4.4 per cent, or 4.6 per cent, I believe, so that the advance secured by the 1912 increase amounted in actual gain to the men to 5.4 per cent.

Mr. THOMPSON. Do you know, Mr. Mitchell, the conditions of the agreement of 1912 with reference to the grievance committee, or shall Mr. Hayes tell that?

Mr. MITCHELL. He will be more familiar with that, Mr. Thompson, than I am. Mr. THOMPSON. If it should be that that agreement of 1912 provided for a different form of grievance committee, and one of the things provided for in that agreement in that respect was an umpire finally to pass upon grievances arising thereunder, would that mitigate against the principle which you have announced with reference to the method of arriving at interstate agreements between the bodies of miners as a whole and the operators as a whole, in the bituminous field, where the responsibility is placed directly on the operators and on the delegates of the miners, who had to work their way out thereunder? This, I would understand, applies to purely local grievances arising at the different mines.

Mr. MITCHELL. Yes; the provision of the interstate agreement with reference to difficulties or questions which can not be adjusted by conciliation was put in the agreement by the Anthracite Coal Strike Commission. That is not a new arrangement. The agreement of 1912 is supposed to be an improvement on any previous agreement. There is no question about that. It was a decided improvement. The Anthracite Coal Strike Commission, in its award, provided

that any grievance growing out of interpretation of the award and confined exclusively to disputes arising out of interpretation of the award, should be referred first to a board of conciliation, a board composed of one mine worker from each of the districts comprising the anthracite coal field—three in number—and one mine owner; and if they failed to reach an agreement as to a correct interpretation of the agreement or settlement of the dispute, then it should be referred to an umpire to be selected by the conciliation board. If they failed to agree upon an umpire, then Judge Gray, of the United States district court, who was chairman of the Anthracite Coal Strike Commission, was authorized to appoint an umpire. Originally they were unable to agree; the board of conciliation was unable to agree, and Judge Gray appointed Charles P. Neill, then Commissioner of Labor, to act as umpire; and Mr. Neill has acted as umpire in other disputes from time to time until the present, I believe. But, as I say, the function of this umpire was not to settle all disputes between mine owners and mine workers, but to settle only such disputes as grew out of the interpretation of the application of the award of the Anthracite Coal Strike Commission.

That situation in the anthracite coal field would have little relation to what I say in a general way about the importance of requiring the parties directly at interest to settle their own wage scales, because the umpire provided for by the Anthracite Coal Strike Commission does not have authority to fix wages, and no question of dispute as to what the wage scale shall be is referred to him.

Mr. THOMPSON. In regard to the settlement of disputes arising in individual mines—say, for instance, in the anthracite field, where arbitration is resorted to upon such questions as the discharge of a man, claims of discrimination, and other questions of the kind which may arise as to any employee—what is your opinion as to the advisability of having an umpire finally decide matters in case the parties can not agree on the basis of the conciliation program?

Mr. MITCHELL. I think in the anthracite field perhaps that is advisable. I would question the advisability of adopting that system in the bituminous field. We tried that in some of our bituminous districts. For instance, in one of our southwestern agreements with the operators of Arkansas, Oklahoma, Kansas, and Missouri, we did provide machinery for the adjustment of local disputes, such as the dismissal or the discharge of men, etc. We applied it in this way, that if the board of conciliation, or reference board, as we termed it, could not adjust the matter themselves, then it went to an umpire who was agreed upon in advance, and who was paid an annual salary jointly by the miners and mine operators. But our experience there seemed to discourage a continuance of that system. But it was found that the mine owners and miners would not agree upon a settlement of a dispute if agreeing brought some censure with it.

For instance, the representatives of the miners' union were not disposed to settle many cases that they could settle, because they could shoulder the responsibility off onto the umpire. The representatives of the mine owners were in exactly the same situation. Rather than yield at times a point when the miners were right in their demands they would say, "We will send it to the referee." The result was there was interminable delay in securing decisions from the referee. The situation grew so serious that many local strikes resulted, as the miners became impatient waiting for a decision from the referee. The mine owners, it is charged—though I can not say—sometimes closed down their mines as a means of enforcing their own interpretation of the agreement, because they could not wait for the decision of the referee.

In the bituminous field I question the wisdom of providing for the reference of local disputes to boards of arbitration. I think the better way is to provide machinery for the adjustment of grievances, and that the men who shall act shall be the representatives of the mine owners and the mine workers themselves.

Mr. THOMPSON. What is the method carried on in Illinois? Do not they have an arbitrator there finally for local disputes?

Mr. MITCHELL. No; they have a joint grievance committee to which all matters in dispute may be referred. In fact, in Illinois and some of the bituminous States they have courts. It will be necessary to know that our organization is first international, and then we have district organizations, which usually follow the lines of the States, and then within those we have subdistricts. If a grievance arises at a mine within one of those subdistricts, the subdistrict officers and representatives of the mine owners try to adjust it. If they fail, it goes on up to the district organization. If they fail to adjust it, then it is

referred to a man who is called a commissioner for the coal operators' association and to the president of the district union. If they fail to adjust it, it goes to a joint board which represents the executive committee of the mine owners' association and the executive committee of the mine workers' organization. That is the last court, the final court. If they can not settle it, then the parties are at liberty to take what they call independent action; that is, the mine workers may give up their jobs if they go on strike or the mine owners may close the mines. It rarely occurs that it is necessary to close the mines in that way.

Mr. THOMPSON. Do many grievances arise from the men in the mines? Is that a matter which is constantly being brought before these boards—individual grievances, for instance?

Mr. MITCHELL. Yes; a great many grievances arise. That is to say, there are a great many questions of dispute that it is necessary to refer either to the local committees or to the State committees for adjustment; but in proportion to the total number of men employed and the total number of mines there are not so many. I mean to say, if you speak of it in terms of proportion, there are not so many; but if you speak of it purely as to the number of grievances themselves there are a great many—or it would seem that there are a great many.

Mr. THOMPSON. In your opinion, the machinery that now exists in the bituminous coal fields for the settlement of differences is perfect, in your mind?

Mr. MITCHELL. No; I would not say it is perfect, Mr. Thompson. It is really a very serious problem. It is a question that has caused the representatives of the miners' union the greatest possible concern; it is a question that has caused the mine owners the most serious thought. In that I think I speak as well for my successors as for myself, that the question of finding some method by which local disputes may be adjusted without suspension of work is about the most serious question we have to consider; but as yet I have not been able, and I never was able, to evolve any suggestion that was an improvement upon our present method, and it is faulty. It is faulty for the reason that it sometimes happens, notwithstanding the fact that mine owners and mine workers are in perfect accord on all questions of wages and hours of labor, and that they are on contractual relations with each other, not only as regards their business relations but also regarding their personal relations, that they are fair and cordial, it sometimes happens that a local dispute arises that could not have been provided against; that is to say, some question comes into dispute which was not provided for in the agreement and could not have been foreseen by the parties in the making of the agreement when it was made, and it may lead to a suspension of work.

This, of course, is a most serious thing. I have always believed that what was needed more than anything else was education, that the mine owners and mine workers equally require education as to the importance of keeping inviolate these agreements that they enter into, and I think the mine owners are coming more and more to understand that these agreements, which are based purely upon the good faith of the parties, must be kept just as inviolate as that one man should keep his word when he gives it to another, for, after all, my own interpretation of the contract is that it is merely a promise of one man to another—"we are going to work under these conditions for a given period." Of course, there is no recourse in the courts about it; it is purely an agreement of honor.

But I think, as time goes by, the workingmen and employers more and more will become to understand that their own interests, as well as the interests of society, demand, first, that the agreement shall be made, and, second, that it shall be kept. Then we will have a less number of local strikes.

Mr. THOMPSON. I would like to ask you if you are acquainted with the protocol arrangement in New York by which there is a committee that is appointed to take up for immediate action these matters that arise from day to day and give them practically immediate hearing; are you acquainted with that agreement?

Mr. MITCHELL. Yes; I know in a general way about it.

Mr. THOMPSON. If that machinery would work with reference to the cloak industry, and provide a way out, would that be serviceable as to these matters of dispute in the coal fields which you say are matters of grave concern?

Mr. MITCHELL. I think not. It happens in the cloak industry in New York, for instance, that the questions that arise there would never arise in the coal industry. For instance, in the coal industry the question of wages is abso-

lutely determined during the life of the contract. In the bituminous coal fields there can be no change in the wages; but in the cloak industry every new fashion that comes in, every new design of a garment, must have a price fixed upon it, and that may be a question of dispute.

Again, under the protocol the question of whether a man is in the union or not is or may be a matter of dispute. In the coal industry no such question can arise. None of these questions can arise in the coal fields, because all the men in the bituminous coal fields are in the union under contract, and, as I say, the wages are absolutely determined in the agreement.

Mr. THOMPSON. Will you tell us what kind of questions do arise that cause local strikes and are the sources of concern to operators and mine owners?

Mr. MITCHELL. Questions of this kind: Sometimes the miners allege that the scales upon which their coal is weighed are out of order, that they are not recording correctly the weight of coal. There is a question that has caused a number of local strikes. For instance, in Illinois the State provides for a man whose duty it is to test scales. It may be possible that that weighman, that tester, can not come into the mine for several days, and the miners allege that during all those days they are not getting credit for full weight, and they stop work.

I am not attempting to justify their stopping work, but they do sometimes stop work. That is a question that might cause a strike at any moment. Then there is the question of discharging men. Under our agreement with the mine owners the question as to the working force is left exclusively to the mine owner, and his right to discharge is not disputed; and it is provided in the agreement that if a man alleges that he has been unjustly discharged, he may ask for an investigation, and if it is determined that he was discharged without cause, the mine owner is required to pay him for the time that he has been idle, pay him his wages.

Frequently a dispute arises as to whether a man was justly or unjustly discharged. He may allege that he was discharged without cause, and some of the men, feeling that he was correct in it, may go out at once and strike, and demand his reinstatement.

Then, again, there is the question of ventilation; the men might say that the mine was not ventilated according to law, what according to our law would be considered bad air, and the men walk out.

Mr. THOMPSON. What is the system that is maintained in the mines as the result of the agreement?

Mr. MITCHELL. Using Illinois again, in order to be typical, provision is made for fines; if the men go on strike in violation of the agreement they may be fined. I forget what the fine is, but I think the amount is something like \$1 a day for each day that he is idle in violation of the contract.

Mr. THOMPSON. Are those fines enforced?

Mr. MITCHELL. Not all the time. Under the terms of the agreement, if they are remitted it must be with the consent of the mine owner, and very frequently the mine owner appeals to the board that imposed the fine and asks that it be remitted; and at other times the officers of the miners' union find moral justification for a local strike and persuade the mine owners that the fine should be remitted. In many cases it is not collected. I do not know to what extent it is collected; nevertheless there are collections made, and penalties are collected from time to time.

Mr. THOMPSON. Where awards are made by the conference board in regard to any dispute, is there any trouble or delay about getting the award carried out by the operator or by the men?

Mr. MITCHELL. No; I think not. I think it would be a rare exception, if there be any, where the decision of the joint board would not be immediately carried into effect.

Mr. THOMPSON. As a general thing, have those awards been satisfactory to both parties?

Mr. MITCHELL. No; I think not, but they have been accepted. I suppose the person who lost his case perhaps has felt that he should have won it. I suppose it is very much like a decision of the court—the man who loses thinks he ought to have won; but there is a very generous acquiescence in the decision.

Mr. THOMPSON. Of course the theory of conciliation by representation of both parties and having an umpire, with the idea that we will get awards which offer every justice to the miner, that is not like decisions of the court, but they are such as to command the respect of the parties.

Mr. MITCHELL. I think, generally speaking, they do. I think the disposition of the mine owners and the mine workers would be, "The case was tried, we were fully represented, and therefore the decision must be accepted," although they may have the mental reservation that they think the decision should have been the other way.

Mr. THOMPSON. Referring to the anthracite field, is there a variation in the wages for the miners—the wages paid to miners—changing with the different mines; and what, if any, attempts has been made to standardize wages in that field?

Mr. MITCHELL. In the anthracite field there is, of course, no uniformity of wages at all. Originally, when the change in wages occurred—that is, at the end of the strike of 1900—an advance of 10 per cent upon the wages then paid was granted, which of course not only continued the inequalities but increased the inequalities. The man who was getting \$3 a day and who got a 10 per cent advance in his wages got 30 cents; the man who was getting \$2 a day and got 10 per cent advance only got 20 cents a day, so that that increased rather than lessened the difference between the wages paid to the men. That has continued up to the present time, with this exception: In the agreement of 1912 the provision was made that the minimum wage should be \$1.50 a day. Of course, that was for the lowest paid men; so that there was an attempt, and a successful attempt, to establish uniformity, or rather the start of a movement for uniformity was successful. Outside of that there has been very little done to establish uniformity of wages for the men working in the anthracite field; whereas in the bituminous field we have absolute uniformity of wages so far as each district is concerned. For instance, the wages in the Southwest may be higher than another central competitive field for the same class of work, but all the men who are doing the same class of work in the Central Western States receive the same wages for a day's labor. Eighty per cent of the men are employed at tonnage rates—piecework—and, of course, there is no uniformity in that.

Mr. THOMPSON. In the bituminous field, as I understand, they have differentials there?

Mr. MITCHELL. Yes.

Mr. THOMPSON. For the purpose of equalizing the cost to the operators?

Mr. MITCHELL. Yes.

Mr. THOMPSON. So that the operator will pay usually the same price per ton; how does that work against the miner with reference to his wages; does it give him the same day's wage or does that vary with that differential?

Mr. MITCHELL. No; it gives him the same day's wage. The day wages are the same. There is no difference where a man is employed within a scale district, but the miner's wages do vary. In a few moments I could explain how these day wages are arrived at. We take the Hocking Valley district of Ohio as a national basing point; that is, we determine what wages shall be paid in the Hocking Valley district, and from that we fix a competitive mining scale in all the other districts in a central competitive field, the Hocking Valley of Ohio, the Danville district of Illinois, the bituminous district of Indiana, and the thin vein in the Pittsburgh district of Pennsylvania.

For instance, in western Pennsylvania there are two veins of coal, one known as the thin vein and one known as the thick vein, the central thick vein. We select the thin as the basis upon which the base scale shall be made. It happens that they have the same scale for mining in the thin vein of western Pennsylvania, the Hocking Valley district of Ohio, and the bituminous district of Indiana, and the Danville district of Illinois. That scale is uniform. At the present time \$1 a ton is paid for mining screen coal in the Hocking Valley district, and \$1 for the thin vein in the Pittsburgh district, and \$1 for the bituminous district of Indiana, and 60 cents a ton for the Danville of Illinois, but the 60 cents paid in the Danville district is the same as \$1 a ton in the Hocking Valley, for the coal is mine-run coal. In the Hocking Valley it is screened coal. Now, if the Danville were on the same basis it would be \$1 a day.

Taking Illinois again, in the Danville it is 60 cents a ton for mine-run coal. Over there we separate Illinois into scale districts and we fix the mine prices at every one of these scale districts so as to enable the mine owner to compete in a common market or locality. For instance, Chicago is the great market for Illinois coal. The mines that are located closest to Chicago, which are the long-haul mines section of Illinois, pay higher rates than do the mines 300 miles from Chicago. There are two reasons for that. There is a thin vein, and its

proximity to the market makes it necessary to have a higher market price in order that the miners shall earn the same rates of wages, and it is necessary to pay more in order that they may not exclude the other mines from the Chicago market. I think at the present time there is no northern coal in Chicago, although they are the closest to the Chicago market. The market is in the Northwest. But the wages of the miners annually work out at about the same, at least all the thick-vein mines of northern Illinois. There the earnings of the men at the end of the year would be about the same. The attempt is made not only to regulate, but prevent unfair advantages in the market. The mine owner can have an unfair advantage in the market, but the attempt is made to regulate matters so that the miners may earn approximately the same wages a day in a year. I have with me a joint interstate agreement, which shows exactly how these scales are made; this was caused by the international scale for that year; then it takes the Illinois scale and all these subdistrict scales. I think that explains exactly the question you have asked.

Mr. THOMPSON. If you will, I would like to have you file that with the commission.

(The paper referred to entitled "The Illinois Coal Operators' Association; joint interstate agreement, Illinois State agreement, and local agreement for the scale year ending March 31, 1902," was filed with the commission by Mr. Mitchell and marked "Mitchell Exhibit No. 1.")

(Mitchell Exhibit No. 1, "The Illinois Coal Operators' Association Joint Interstate Agreement, etc., issued July 1, 1901, by the commissioner's office," was submitted in printed form.)

Mr. MITCHELL. I have also a table which I had compiled before I retired from the presidency of the United Mine Workers' Union, showing the effect of each agreement upon wage scales. It is divided into districts. For instance, this would indicate that in district No. 6, which is Ohio, the wages starting—making mining prices, for instance, for mining a ton of screened lump coal in the Hocking Valley district of Ohio in 1896 the miner received 45 cents; in 1907 he received 51 cents; the next year, 56 cents; the next year, 66 cents; then 80 cents, then 90 cents, then 80 cents, then 40 cents; and that ends my own record. At the present time he receives \$1, an advance of 10 cents a ton paid in the last six years. It also indicates the hours of labor, starting with 10 hours for a day's work in 1897, and now 8 hours. It gives in detail the day wage scale, as well as the mine scale.

Mr. THOMPSON. Are we to get that Mr. Mitchell?

Mr. MITCHELL. Yes, I will be very glad to file it.

(The paper referred to by Mr. Mitchell, entitled "Wage statistics referred to by John Mitchell, president U. M. W. of A., in report to convention, January, 1908," was filed with the commission and marked "Exhibit No. 2.")

(Mitchell Exhibit No. 2, "Wage Statistics referred to by John Mitchell, president U. M. W. of A., in report to convention, January, 1908," was submitted in printed form.)

Mr. MITCHELL. You wanted me to file with you also a copy of the organization of the interstate convention.

(The paper referred to by Mr. Mitchell, entitled "Rules adopted to govern the joint interstate convention of miners and operators, Indianapolis, 1906," was filed with the commission and marked "Mitchell Exhibit No. 3," and is as follows:)

RULES ADOPTED TO GOVERN THE JOINT INTERSTATE CONVENTION OF MINERS AND OPERATORS, INDIANAPOLIS, 1906.

(Central competitive field—Illinois, Indiana, Ohio, and western Pennsylvania.)

1. That the convention meet daily at 9 a. m. and 2 p. m. and adjourn at 12 m. and 5 p. m.
2. Special meetings may be held, or evening session, if so desired.
3. The miners' representatives shall occupy the right of the hall and the operators' the left, facing the stage.
4. That each State be allowed the same number of votes on the floor of the house—4 votes on behalf of the operators and 4 votes on behalf of the miners in each State.
5. That no vote be declared carried unless upon the affirmative vote of the miners and operators of each State. That upon all questions of mere procedure

the ordinary rules of parliamentary procedure, as stated in any standard manual, shall be the rules of this convention; and that in no event shall the rule requiring unanimous vote on all main and principal questions be suspended. Main and principal questions mean all questions affecting the proposed scale and agreement.

6. That each State represented in the convention have four operators and four miners on the scale committee, to be appointed with the understanding that each State may have an alternate for each representative, who shall have all the privileges of the scale committee, but shall have no vote except in the absence of his principal.

7. That sessions of the joint convention be open to the public except when otherwise ordered.

8. That the use of tobacco be prohibited in the hall during the convention.

G. W. SAVAGE,
Chairman.

F. S. BROOKS,
Secretary, Committee on Rules.

Mr. THOMPSON. Now, anything that would throw light upon this matter we would be very much pleased to have, Mr. Mitchell.

Mr. MITCHELL. This is a statement of the approximate number of men working under trade agreements in the coal-mining industry.

(The paper referred to by Mr. Mitchell is entitled "Approximate number of mine workers whose wages are determined by collective bargaining," and was filed with the commission, and marked "Mitchell Exhibit No. 4," and is as follows:)

Approximate number of mine workers whose wages are determined by collective bargaining.

Arkansas -----	4, 000	Oklahoma -----	9, 000
Illinois -----	80, 000	Pennsylvania, bituminous -----	100, 000
Indiana -----	20, 000	Pennsylvania, anthracite -----	174, 000
Iowa -----	16, 000	Tennessee -----	3, 000
Kansas -----	12, 000	Texas -----	3, 000
Kentucky -----	7, 000	Washington -----	6, 000
Missouri -----	10, 000	West Virginia -----	20, 000
Michigan -----	3, 000	Wyoming -----	8, 000
Montana -----	3, 500		
Ohio -----	45, 000	Total -----	523, 500

There are approximately 750,000 coal miners in the United States.

Mr. THOMPSON. I would like to ask you how the differentials between the central field and the other fields are arrived at, generally—by what process or method?

Mr. MITCHELL. It would be difficult to explain to you the differentials between the central district and the other districts—how they are determined; but, if I understand what you mean, it is how the differentials are determined as between the basing points in the central field and the other districts. If that is what you mean, it is this, for instance, in fixing a scale at Danville, which is the basing point in Illinois, we take into account the mining price in the Hocking Valley, and, as I have heretofore stated, having determined the mining price in the Hocking Valley district of Ohio and the thin-vein district at Pittsburgh, the Danville of Illinois, and the bituminous of Indiana—we enter the field of Illinois because the Danville lies on the eastern border of Illinois and is, I think, something like three hours' run from Chicago—we ascertain what the freight rates are from Danville to Chicago—Chicago being a common market—what the cost of mining a ton of coal in Danville is, apart from the price paid for mining, because there are very many things which enter into the cost of mining a ton of coal besides what wages are paid to the miners, such as the character of the roof, the amount of timber required, and the other fixed expenses of operating a mine. Having determined, approximately, what it costs to put a ton of coal into the city of Chicago—that is, what the cost f. o. b. mine, Chicago, would be, and the price at which that character of coal sold for in Chicago—we then ascertain what would be approximately the same cost to a man who was located at Springfield, Ill., or at Belleville, Ill.—

well, Belleville, Ill., would not be a good type, because it ships to another market, but at Marion, Ill., in the extreme southern part of the State—having determined these costs we try to fix a price that would give the mine owner an equal competitive opportunity with the Chicago mine and which, at the same time, would take into account the earnings of the men.

As I say, it is impossible to determine the cost solely upon the earnings of the men, because if we were to do that, if we were to say that a man could earn \$4 a day at Danville he ought to earn \$4 at every other mine, because if the board fixed entirely upon wages some of the mines could not operate; the physical condition of the mine and the freight rates would exclude them from the market; so that if there be some natural condition in the mining field that makes it more expensive to operate these mines at a base point, we have to understand what the mine owners, I think, all recognize, that that burden should be carried in part by the mine owner by reduced profit, and part by the miners in less wages; so that in a rough way an attempt has been made to establish our mining scales, based upon the comparative opportunities of the different mining fields and perhaps upon the opportunities of the miners in the different fields to earn their wages.

Mr. THOMPSON. Does this difference in wages of the miners cause any drifting of the men from one place to another?

Mr. MITCHELL. Yes; there is considerable moving from one place to another. However, that is rather characteristic of miners anyway; that has always been so in this country, quite apart from wages; they move from one point to another, and, of course, the best men seek employment at a point where the work is most regular and the wages paid are highest.

Mr. THOMPSON. With reference to the introduction of machinery in the coal field, is there any differential based on that matter; and if so, what is the purpose of it, and does that have any effect upon the introduction of machinery into the coal field?

Mr. MITCHELL. Yes; in the bituminous coal industry of the United States approximately 30 per cent of all the coal is mined by machinery; perhaps it is more than that now, because during the past two years there has been a tremendous improvement in the way of machinery in the mining industry. We have not adopted a uniform scale of mining machinery, although in the State of Illinois, in all except the Danville district, there is a differential of 7 cents a ton between pick mining and machine mining; that is to say, the mining cost of a ton, pick mining, would be 60 cents at any point, and the price for machine mined coal would be 53 cents a ton; in other words, there is 7 cents a ton allowed to the mine owner for his investment in machines.

That figure does not represent his whole gain in Illinois, because the machine mines more lump coal, and there is more marketable coal than can be obtained by hand. In the Danville district, which is a basic point, the differential is 15 cents a ton. The price of pick mining is 60 cents, and the price of machine mining would be 50 cents. That is the differential. This difference in the State of Illinois results from the fact that in Indiana the whole State has a differential of 10 cents a ton on one type of machine, and 12½ cents a ton on another type of machine, on mine run coal. That is what we call a puncher machine, an old-type machine. There is a differential of 10 cents on one type of machine and of 12½ cents a ton on the other. The fact that Indiana is the keenest competitor of Danville made it necessary. In the State of Ohio the differential is wider than that. We have never been able to determine a differential for machine mining except in Illinois.

Mr. THOMPSON. What effect has that had on the introduction of machinery?

Mr. MITCHELL. That has increased the use of machinery, where they have had the widest differential. In Ohio practically all the coal is mined by machine, because there is a great advantage to the miner owner in the use of machines.

Mr. THOMPSON. I understand that there is some question in the coal fields in reference to the method of paying. In some mines they pay on the run-of-mine ton basis, and in others on the screened-ton basis. What have you to say in reference to that?

Mr. MITCHELL. From as long as I can remember there has been a desire on the part of the mine owners that all coal should be weighed and paid for on a mine-run basis. The question has caused, perhaps, more strikes than any other question in the mining industry. At the present time the State of Illinois pays entirely on a mine-run basis. That matter was determined by a strike in 1897, the strike which I alluded to in the beginning of my testimony. When

that strike had come to a close we miners were able to secure an agreement from the Illinois operators fixing a mine-run scale. In Indiana they have both systems. They have what they call the double-standard. The mine owner, at his own option, may prefer to pay either on the screened-coal basis or the mine-run basis; but having made his choice, he must stick to it. He can not alternate day by day. Of course, they pay what are considered equivalent prices.

In Ohio the miners operate on a screened-coal basis.

In Michigan they have an option, but they choose to operate on a screened-coal basis.

In nearly all the other fields outside of this central competitive field, coal is mined and paid for on a mine-run basis. In Pennsylvania, and practically all the Southern States and practically all the Western States, the coal is mined and paid for on a mine-run basis. "Mine run" means that the men receive pay for all the coal that they mine. "Screened coal" means that the coal, after it is mined, passes over a screen, which, by agreement, is determined to be 12 feet long, 6 feet wide, with a mesh between the bars of $1\frac{1}{4}$ inches, and then the men get paid for what passes over the screen; but they are paid more, of course, for that screened coal than they are for the mine-run coal. However, that has been the source of great contention between the miners and the mine owners. The men are unanimous in their opinion that all coal should be bought and paid for on the mine-run basis. By that they do not propose to say to the mine owner that he can not screen the coal, but they do mean to say that he must weigh and pay for it before he screens it. He can do what he pleases with it afterwards.

Mr. THOMPSON. What is your opinion in regard to that?

Mr. MITCHELL. I am strongly in favor of the mine-run basis. I think that it is the only correct method of weighing and paying for coal.

Mr. THOMPSON. Is not that the trouble in the Ohio field to-day?

Mr. MITCHELL. Yes; that is the cause of the suspension of 50,000 men there now.

Mr. THOMPSON. Why do the operators object to that? Do you know?

Mr. MITCHELL. They say that the men are not so careful in mining their coal; that, for instance, say, the men would send out more screenings and more coal that would not be marketable, or coal which, if marketable, would command a less price if paid for all coal that they mined. They say if they mine on the screened-coal basis and are paid only for that part that goes over the screen they are likely to send out better coal that will not make so much screenings.

Mr. THOMPSON. Of course, you have given your opinion with regard to the main question, but I would like to ask you in regard to the last matter you spoke of: What is your opinion in regard to the carefulness of mining and its effect on the screened-coal basis?

Mr. MITCHELL. To be perfectly frank, I would say that among the unskilled employees, who are being employed in such large numbers in the mines, they are likely to be more careless on a mine-run basis than on the screened-coal basis. However, that is a matter that can be easily prevented. The mine owners have simply filled their mines with unskilled men. Coal mining should be a highly skilled trade, and there should be an apprenticeship system. A man should be trained to do the work well, just as he was when I learned my trade.

But now the mine owners employ the recently arrived immigrants, and it seems choose to have that kind of labor and to take the product that they get from it.

Mr. THOMPSON. There is some controversy, we understand, in regard to what is called the check-off system of collecting dues from the miners. Will you explain what the check off actually is in the mining field and what the controversy actually is?

Mr. MITCHELL. I think, Mr. Thompson, there is no real controversy about it. It is a matter that occasionally comes up in wages conferences simply as a matter of policy on the part of the mine owners. The check off means this, that the mine owners deduct from the miners' earnings each month the amount of their dues that the men are to pay to the union. That is to say, instead of having each man come forward and pay his own dues the mine owners deduct the amount of their dues from their wages and turn it over. That is the rule in the bituminous coal field. It is not the rule in the anthracite field. That arrangement was one that grew up in our industry as the result of circumstances. For instance, in some of our districts the men opposed that arrangement very much. They wanted to pay their own dues, they said. They adopted the policy that if some man came on the mine that had not paid his dues the 1st of the

month they said to him, "You ought to pay your dues. You are working under contract, and you ought to pay your dues. If you do not pay them, you can go home," and if he did not go home, all the rest of the men went home. The mine owners said, "We want to obviate these disputes that grow out of differences between yourselves, and we make these deductions in other cases where money is paid to the organization," and the union insisting on every man living up to the contract, that inasmuch as the union was responsible for the contract every one must comply with its provisions, they asked the mine owners to assist them in avoiding the disputes by making these deductions from the pay of the miners. It is important to know that these are not the only deductions that are made, but, for instance, if a man buys goods in a company store the mine owner deducts it from his pay; or every miner must contribute to a blacksmith who is employed by the company; and if a miner buys powder from the company, as he must do, the company takes it out of the man's pay. So that the miners felt that it was not unreasonable, if they were going to take out of his pay all these other charges, and that they might as well take this charge for the dues to the union.

MR. THOMPSON. Has that anything to do with the Colorado trouble?

MR. MITCHELL. I think not.

MR. THOMPSON. In general, I will ask you to state what, in your opinion, has been the effect of the agreements in both these fields on the miners and the operators and on the industry generally?

MR. MITCHELL. To state that it would be necessary for me to explain what I regard as the fundamental question involved in this inquiry. Of course I regard that trade agreement—that is, the collective bargain between mine workers, mine workmen generally, and employers—as the most positive evidence of the interdependence of labor and capital; that it is a practical application of cooperation. The individual bargain leads inevitably to the demoralization of the workmen, because the condition of the weakest man—that is, economically, the weakest man in the industry—is that which the average man must accept.

In my judgment there can be no permanent prosperity to the workingmen, there can be no permanent industrial peace, until the principle is firmly and fully established that in industrial life the settlements of wages, hours of labor, and all the important conditions of work, are made between the employers and the workingmen collectively and not between employers and workingmen individually. The individual workmen theoretically bargains with his employer as to the wages to be paid by his employer; but practically there is no bargaining. The individual workman must accept the wages and conditions of employment that are offered to him by his employer. It is a matter of no concern at all to an employer if one workingman refuses employment. He thinks nothing about it, because there is another workingman ready to take the job.

As a consequence of this system of individual bargaining, which is really nonunionism, the conditions of the best men in the industry are brought down, practically, to a level with those of the weakest men in the industry. Collective bargaining, of course, means that there shall be a uniform and minimum standard of wages and that there shall be uniform hours of labor. It seems to me that the effect of collective bargaining in the United States has made for righteous industrial peace. I think that of course every one in the country is interested in industrial peace, and they should be interested in righteous industrial peace. But I should say that it would be a misfortune if we should ever have industrial peace in America that was based upon the submission of the workmen; that if we are to have industrial peace, it must be predicated upon industrial righteousness. The workmen can not hope for industrial righteousness except as they secure it through their collective action.

I know that in the industry with which I am best acquainted, the coal industry, collective bargaining has not only increased tremendously the earnings of the mine workers, but what is perhaps of more importance it has given the whole mining population a different and a better view of life. That is, instead of being, as they once were, a hopeless, despondent people, whose labor brought them less than that upon which they could live decently, they have become hopeful people; they have got a different outlook; they regard this as "our country," a country in which they feel an interest, a country that means something to them.

Now, it has given them that feeling of justifiable independence; it has made them better men, better citizens, better fathers, given them better homes;

it has meant education for their children, and it has meant, in most cases, a provision for their old age.

As to the mine owner, of course, for him I hold no commission to speak, but I do know mine owners, and my own relations with them have been cordial and pleasant, and I accord them the highest regard. Many of them are my personal friends. I know their families, and they visit my home and know my family; so that I know enough of them, my relations with them have been so pleasant that I think I can say this in truth, that taken all together, the condition of the mine owners is better now than it was prior to the advent of the United Mine Workers of America. It is not what they would like it to be. I think I could sympathize with the desire of the mine owners to be permitted to organize. I think they should be permitted to organize; I mean, to organize so that they might control, within reason, the selling price of their product. I think that it would be an advantage to everyone if the mine owners might control, by agreement among themselves, the price at which their product should be sold in the market. I do not mean to suggest for a moment that they should be given absolute freedom to do as they please. I think they should be under the control of the Federal Government so that they might not charge extortionate prices; but it happens at this time—although this may not be the place to discuss it—that 40 per cent of all the coal is wasted; it is left in the mines, and that 40 per cent of coal will some day be a matter of most extreme importance to the people of the generations to come; and yet the mine owners can not take out that coal because they do not get a large enough price on the market to justify them in doing it. They mine only the coal that can be mined most cheaply.

Now, if they were permitted to charge better prices, they could pay better wages and save all this coal. But I think, nevertheless and notwithstanding that, that on the whole the condition of the mine owners is immeasurably better now than it was prior to the adoption of the collective-bargain system of conducting industry.

In the anthracite field I dare say that the miners are so much better off that they would not care to return to the old system. If the change in the market price at which the anthracite coal be sold is indicative, I would say that they are making tremendous profits; and if the newspaper reports of their dividends are correct, I would say that that would confirm the fact that they are making very large profits. However, the anthracite coal is very much different from the bituminous. There 95 per cent of the entire industry is practically in one control, while in the bituminous coal there is no such control.

MR. THOMPSON. In your opinion, does the success of trade agreements in the coal fields depend upon organization on both sides?

MR. MITCHELL. It depends absolutely on the organization of the workmen, and I think it would be helpful to it if there was organization of the employers. In some States there is organization of the coal operators. The Illinois operators have two associations, rival organizations; and in Indiana they have one organization. In Ohio I think they have several organizations. But the purpose of these organizations is not to control prices; it is purely for the purpose of conducting their business with the miners' union.

MR. THOMPSON. It is particularly for conducting business under the trade agreements?

MR. MITCHELL. It is just for the purpose of conducting the trade agreements.

MR. THOMPSON. Referring to the method of settling controversies which arise between, say, individual miners and the various operators that we spoke about some time ago, are you acquainted with the English method of settling those differences?

MR. MITCHELL. Their boards of conciliation?

MR. THOMPSON. Yes.

MR. MITCHELL. I know in a general way about it. I have studied some of them.

MR. THOMPSON. How does that differ, and in what respect might it not be an improvement on the system in vogue here?

MR. MITCHELL. I do not think that there is any essential difference in the system in England. I have looked into the matter in the north of England, and they have just what we have here, they have what they call a board of conciliation; but I do not know—I can not recall any system of arbitration that they have for the settlement of disputes that arise from time to time.

Mr. THOMPSON. Mr. Mitchell, they did have a system of apprenticeship, did they not, in the coal fields, which has been discontinued; and if so, why was it discontinued?

Mr. MITCHELL. There never was any system in regard to apprenticeship. Of course, in the early days the mining work was done altogether by English-speaking men, who had, most of them, been trained coal miners in some foreign country, either in England or Scotland or Wales; and they would not work with a man who had not served an apprenticeship. Unless a boy started as an apprentice with them, they would not work with him. It was not because there was any union to regulate it, but it was simply the practice of the miners of those countries, which rather was accepted in this country.

But now in some States, for instance, in Illinois, the law of the State provides that no one shall be actually permitted to mine coal as a miner unless he has had two years' experience. It is by law, therefore, a sort of apprenticeship; that is, a skilled miner may take an unskilled miner with him and teach him the trade. In the anthracite fields of Pennsylvania that also is the law. No one is permitted to work there under contract as a miner unless he shall have had two years' experience. But those are regulations made not by the union but by the law.

During the past 10 or 20 years, and especially during the past 10 years, the non-English-speaking labor has entered the mines to such an extent that practically one-half of all the men in the United States in the mining industry are non-English-speaking men.

Mr. THOMPSON. Do you think that these learners—apprentices—should be taught anything in the schools in regard to mining in addition to what they learn in the practical work?

Mr. MITCHELL. I think it would be a practical impossibility to give a teaching in school, except as they may learn something about gases. I think that that would be about the only thing they could learn in a school about mining. They might learn the nature of various gases, and, after all, that would not be so important to them.

Mr. THOMPSON. Do the conditions which exist in the contract field exist also in the fields where the union does not exist, and where there are no contracts; or what, in general, is the difference between the two fields, if you know?

Mr. MITCHELL. No; the conditions are not at all similar in the districts and States where the union is not established, and of course there is no contractual relation; I mean there is no collective bargaining in the nonunion fields. For instance, in nearly all the State of West Virginia, which is now the second coal-producing State in the United States, the men work under terms that are fixed by the mine owners absolutely, and that is true of a great many of the Southern States—of Alabama, parts of Tennessee, and parts of Kentucky—the mine owners fix the terms of employment as they do in most parts of Colorado and Utah and New Mexico, and in parts of Pennsylvania there is what we call the Westmoreland County, Pa., district, and in western Maryland the terms are entirely fixed by the mine owners. The wages in all of these districts that I speak of are much lower than they are in the fields where trade agreements are made, and the hours of labor are longer in the non-union fields.

Mr. THOMPSON. Do you think that if the National Government should establish an impartial industrial council for the purpose of these industrial questions that arise between capital and labor, a council to which both laborers and employers could appeal, such a council would meet with the approbation of the miners as a means that could help them settle questions which they are not able to agree upon with the operators; this is not to be a compulsory proposition, but one in which the council will be called upon to act as a mediator or conciliator?

Mr. MITCHELL. I am not at all sure that I can speak for the miners in regard to it. I do not know. I have never discussed the matter with them at any length, or with many of them at all. What I say on the subject shall have to be my own view as to the advisability of such a tribunal, and I will say at the very outset that perhaps my view is not at all in accord with the views of those who have been active in the trade-agreement movement. I think that the creation by the Federal Government of a tribunal having authority to investigate the causes of threatened strikes or lockouts, and the causes of strikes and lockouts that have occurred and are in progress, and having authority to give an expression of its opinion as to the merits and justification of the dispute, might be of great value. It would depend, of course, very largely upon the type of the

men who were members of the Federal board. If it were such a board, for instance, as the Interstate Commerce Commission, I mean composed of men who command the general confidence of the people as that tribunal does, of course upon it should be represented the workingmen—the workingmen should be fully represented—and if there was that limitation upon their authority; that is, that they should have no right to arbitrate a dispute unless called upon by both sides to do so, I think such a tribunal would be of value.

Of course there is some fear, that is often expressed, that if such a tribunal were created, and if some great industrial dispute were to arise and an investigation were made by this Federal tribunal and their conclusions were stated, were announced publicly, and if then it did not result in the settlement of the strike or lockout, that the Federal Government might go further and try to coerce the parties to a settlement, then that they might go as far as compulsory arbitration; and while I think there is perhaps not so much danger, while it is not consistent with our Federal Constitution, I do know that among the workmen of the United States there is a unanimous sentiment against compulsory arbitration, and I think perhaps that it is just as unanimous among the operators; that neither side would want it.

Mr. THOMPSON. I have asked all the questions that I wish to ask the witness.

Mr. BALLARD. Mr. Mitchell, why was the sliding scale abolished in the anthracite regions of the United States in 1912?

Mr. MITCHELL. It was, I think, because of the difficulty of increasing wages and maintaining the sliding scale. It is very difficult to determine what the sliding scale should be if wages were advanced. For instance, when coal was \$1.45 in New York Harbor, for each cent which is added at tidewater, I think there is 1 per cent advance in the wages. Now, if they advanced wages 10 per cent, for instance, it was very difficult to determine how the sliding scale should be based.

I think the men feel that they would rather have a definite scale than a scale based upon the fluctuations in the selling price of coal. While there was only a running period of six years it only varied 4.6 per cent, indicating that in the advance in wages the men were very well satisfied.

Mr. BARNETT. Have you had any experience with any other sliding scales in the coal regions?

Mr. MITCHELL. No; we have never had in the bituminous field. I know the history of it in the anthracite field prior to my taking charge of the miners' organization there. Of course, under the old system there was no minimum, and the result was that the men worked for very much less than the base price and were always receiving less than the base instead of more.

Mr. BARNETT. So, that on the whole, you would prefer a system of agreements for a definite period rather than a sliding scale? Do you regard that as practicable?

Mr. MITCHELL. Yes; I do.

Mr. BARNETT. You spoke with reference to the movement of men in the bituminous field; that was some movement on account of differences in wages? Is there any recognized drift from one part of the field to the other; that is, are wages so high in one part of the field that the men move to that? In other words, is there any current, aside from the movement from mine to mine? That is, in any of these districts are the wages lower than the other districts?

Mr. MITCHELL. Yes; in some districts, of course, the wages are well known to be less and the possible earnings, because of thin veins and the expense of mining. But this movement is spasmodic. For instance, one district may have a good run during the summer months and another might not be doing so much, and there would be large numbers of men attracted to that particular field on account of reports of high earnings, and there will be a steady movement into that district. But, as I say, the movement is characteristic of miners, not only of coal miners but metalliferous miners, they move more frequently than men employed in other industries.

Mr. BARNETT. Could you say whether men move from Illinois to Indiana or from the Pittsburgh district to the Illinois district? Is there any definite current or drift?

Mr. MITCHELL. A movement back and forth?

Mr. BARNETT. There is no movement in one direction, a movement from Illinois to Indiana, or vice versa?

Mr. MITCHELL. No; there are very large movements from northern to southern Illinois, say; that is because the wages were higher than in the northern

district; and, of course, where there is a new coal field developed there is a large movement of the men to that new camp.

Mr. BARNETT. You said that the operators preferred to hire the immigrants—"unskilled labor," I think was your expression—rather than skilled men, and that the loss of coal was due to that practice, if I understood you; am I correct in that?

Mr. MITCHELL. No; I did not say they preferred to do it; I did not say that they preferred unskilled labor in preference to skilled men. I did say that they have employed and are employing large numbers of unskilled immigrant workers, but I do not know that they have refused employment—in fact, I am sure that they have not refused employment to skilled workers; but, as you know, the mines of the United States operate on an average about 200 days a year, so that as a matter of fact there are employed in the coal industry one-third more workmen than are required to produce the amount of coal consumed in the United States, or which is brought in in any one year. If the mines, with one-third less force, were operated every day in the year they would get out as much coal as they do now operating 200 days a year with the force they have.

Mr. BARNETT. Then it would amount to this, that the wages paid, according to your opinion, in the mines at the present time, considering the loss in days, is not sufficiently attractive to induce skilled men, the class of men that would be careful in mining, to enter that employment?

Mr. MITCHELL. I think not. I think the fact of the irregular work and the danger of work in mines has resulted in the fact that the sons of English-speaking men are seeking to find employment in other fields, they are giving up mining, and many of these English-speaking miners have left the mines and gone to other fields, partly because they wanted to work outside in the fresh air and partly because mining is an extremely dangerous operation, and because it is irregular. The best they can expect is from 200 up to never to exceed 220 days average employment in the year, and sometimes in some of the States very much less than that. I have known of some mines in Illinois in which there have been only 175 days' work a year.

Mr. BARNETT. I notice that the ton rate in the Hocking Valley district has increased from 45 cents in 1897 to \$1 at the present time. Has that increase in the rate been commensurate with the increase in earnings? Have the earnings doubled?

Mr. MITCHELL. No; I think not. That would seem to be the case that the wages have increased about 120 per cent, but, as a matter of fact, machines have been introduced, and, of course, the machine rate is very much lower than that, so that, as a matter of fact, there has been a very large increase in the earning power of the men and their earnings, but it has not been the difference of 120 per cent in earnings, even though the scale for pick mining has increased 120 per cent.

Mr. BARNETT. How would the earnings of the machine miner compare with those of the hand man or the pick man?

Mr. MITCHELL. Well, about the same, I dare say, but that would not mean, of course, that he had increased his wages the difference between 45 cents a ton and \$1 a ton, because the machine-mining scale in Ohio originally, I think, was five-sevenths of the pick mine price, and as the machine took the place of the pick mining that probably means that the pick miner—there are very few pick miners—but it probably means that the pick miner earns about the same amount of wages.

Mr. BARNETT. Do you regard the differential allowed the machine as based chiefly on the difference between the product or upon the cost of getting it out?

Mr. MITCHELL. In Illinois, where they have an arbitrary differential of 7 cents a ton, I think there it enables the mine owner to produce his machine-mined coal at a little better price than the pick coal, and he gets a better grade of coal. In other States, I think, the mine owner has an undue advantage. I think the difference in cost between pick coal and machine-mined coal is not equitable; I think there should be a less differential. I think the Illinois differential is about the correct one—7 cents on the run-of-mine coal or screen coal.

Mr. BARNETT. What do you mean by saying it is inequitable, from what standpoint? That the man can make about the same earnings, or that it puts the coal on the same basis?

Mr. MITCHELL. Both. I think it enables the workman to make about the same amount of wages with the same effort, and it allows the mine owner a

fair return on his investment. I think it is a profitable investment at 7 cents a ton. For instance, I do know mine owners who on their own account operate machines with a differential of only 4 cents a ton.

The ACTING CHAIRMAN. Mr. Weinstock, any questions?

Commissioner WEINSTOCK. You were saying that you do not regard the present system of settling disputes as perfect; in other words, it is not the best conceivable system; but is it the best possible system?

Mr. MITCHELL. Well, it has been the best system that we were able to devise, and in practice it seems to do better than anything else that we have attempted. I have, as I have already stated, tried several systems, and the system that we now have seems to operate better than those that I have experimented with.

Mr. WEINSTOCK. I presume that the question of trade agreements, then, is not a perfected science, but simply a progressive science?

Mr. MITCHELL. Yes; I think that is quite true.

Mr. WEINSTOCK. And you believe it is possible that we have not reached the highest possibility yet, that it will be possible to improve the system of entering into agreements, so as to further minimize possible friction?

Mr. MITCHELL. I think it would be possible; and it is probable that experience will demonstrate the advisability of new machinery for the operation of agreements. Of course, the agreements themselves will be regarded as fundamental. I mean the principle is fundamental, but I take it that experience will demonstrate the advisability of providing agencies through which the agreements may be operated with less friction.

Mr. WEINSTOCK. It has been brought out in the discussion here that since 1897 wages have increased about 122 per cent, or that the cost per ton has increased 122 per cent, and that the working hours have been decreased 20 per cent.

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. That is, from 10 hours to 8.

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. How has that been equalized? Has that come out of the pockets of the owners or has it been added on to the consumer?

Mr. MITCHELL. I think that the scale would not justify the interpretation that the earnings have been increased 122 per cent.

Mr. WEINSTOCK. No; I realize that—that the earnings have not been increased 122 per cent—but the cost of producing has been increased 122 per cent—that is, here formerly it cost 45 cents a ton to mine, it now costs \$1 a ton to mine; the worker may not get the full difference between 45 cents and a dollar—but it costs that much more to produce the coal.

Mr. MITCHELL. No; not necessarily. For instance, the introduction of machinery has taken the place of hand labor; the miners have been equipped in many ways to reduce costs, equipment has been put in for protection. For instance, there are large mines which formerly produced a thousand tons of coal that now produce 2,000 tons. There has been that tremendous saving in cost there, but the mine owners have not received 122 per cent advance on the selling price of the coal. They have received a considerable advance, but whereas—the Hocking Valley in 1897—there the mining price, as I show on our scale, was 45 cents in 1896, but the selling price at that time f. o. b. cars, mines, was 85 cents a ton. That means all kinds of coal, mine-run coal, whereas in 1912 the mining price was \$1 a ton and the selling price of coal f. o. b. was \$1.15 a ton.

Now, of course, that would seem to indicate that the mine owners had tremendous profit when they got 85 cents a ton and paid 45 cents, or that they must receive a very small profit now when they pay \$1 a ton and sell coal for \$1.15; but as a matter of fact that was a screened-coal scale; they really do not pay \$1 a ton. They pay \$1 a ton for screened coal, but 40 per cent of all the coal may pass through the screens, and the mine owners sell this 40 per cent as well as the 60 per cent; therefore, in order to get at the facts about it you would have to reduce this screened-coal price to the mine-run basis, which would be probably 60 per cent of the screen-coal price would be mine-run price, and if the screen coal was \$1 a ton in wages, mine run would be 60 cents. Now, of course, if they pay 60 cents for mine-run coal and sell that for \$1.15 it explains in part what seems to be discrepancy.

Mr. WEINSTOCK. Can you say approximately what has been the increase in the earnings of miners since 1897?

Mr. MITCHELL. I can not give that just offhand; I have no statistics, there are none available, but I dare say in many of the districts the miners now receive 75 per cent more wages than they received in 1896 and prior to that time.

Mr. WEINSTOCK. That is, a miner that earned \$1 a day in 1897 would earn \$1.75 to-day, in that ratio?

Mr. MITCHELL. I think so; I should judge that the average wages of miners in 1896 did not exceed \$400.

Mr. WEINSTOCK. A year?

Mr. MITCHELL. A year.

Mr. WEINSTOCK. And to-day it would be 75 per cent more; that would be about \$675 a year.

Mr. MITCHELL. Yes. I think that would be about right. I would like to make this qualification—of course, I could give you the figures if I thought about it—I think that the mines in 1896 operated more days in the year than they do now, and there must be some allowance for my estimate in regard to that, based on a less number of days.

Mr. WEINSTOCK. Can you approximate it in any way? At the present time I gather that the average is about 200 working days in the year.

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. Will you state approximately what they operated at that period?

Mr. MITCHELL. No; but I could supply you with that. I see the statistician of the Geological Survey right here, and he can probably tell you right offhand what that is.

Mr. PARKER (statistician of the Geological Survey). No; I could not tell that offhand.

Mr. WEINSTOCK. Has the daily output per diem been increased since 1897?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. Has he a higher efficiency?

Mr. MITCHELL. Yes; there has been a considerable increase in the output per man per working day; that is in part accounted for by the introduction of the machines, and in part accounted for by greater efficiency due to higher wages.

Mr. WEINSTOCK. Do the miners object to the introduction of labor-saving machines in the mines?

Mr. MITCHELL. That depends entirely upon the basis upon which they are introduced; in the district where the differential is so wide that it is a disadvantage to the miner, they would prefer not to have it, whereas in Illinois, with a differential of 7 cents a ton, a good many would prefer to have the machines. As I say, in the last 10 years the unskilled man could not probably work with a pick anyhow, and if he works behind a machine he simply shovels the coal, and the skilled man runs the machine.

Mr. WEINSTOCK. How seriously has the introduction of machinery reduced the number of men employed?

Mr. MITCHELL. You can not estimate it, except as you may say, how much greater would have been the increase in the number of men. There has been approximately an increase of 20 per cent of men in the mines of the United States in the last 10 years, it has been an increase of about 20,000 a year.

Mr. WEINSTOCK. Twenty thousand a year?

Mr. MITCHELL. About 20,000.

Mr. WEINSTOCK. Then in the last 10 years the number of men has increased approximately 200,000?

Mr. MITCHELL. I think that is about right. I may be mistaken in those figures. There may have been some years in which there was no increase, but in looking it up it shows an increase of 20 per cent in various years.

Mr. WEINSTOCK. Is that due to increased operation—opening many more coal mines?

Mr. MITCHELL. There has been a great many mines opened, but I think that has been due to the fact that the immigrant laborers come into the mines and write letters home to the fellows in the country from which they came and induce them to come here, and the immigrants have been attracted to the mining industry. I think it is by their fellow immigrants who preceded them here.

Mr. WEINSTOCK. Has the demand for coal kept pace with the increased production, and has not the use of oil for fuel interfered?

Mr. MITCHELL. It has interfered in many States. For instance, many of the roads running from Kansas City west have used oil for fuel instead of coal, notwithstanding that there has been a progressive increase in the production of coal. In some years it has gone back—in years of great industrial activity the consumption of coal would be greater than in following years—but in any

period of three or four years it shows a very large increase; the per capita production of coal in the United States has increased tremendously.

Mr. WEINSTOCK. The annual increased earnings of miners have been material since 1897, but has the cost of living increased more or less in proportion with these increased earnings, so far as you know?

Mr. MITCHELL. There is not any doubt in my mind that the earnings have increased to a greater extent than the cost of living has increased; I mean, if you base it purely on what his money would buy. I do not mean by that to say that miners have a surplus left at the end of the year, because their desires have increased proportionately with their wages; the things they buy now are things that they would not think of buying 10 years ago.

Mr. WEINSTOCK. If a miner had precisely the same standard of living to-day that he had in 1897, I presume he could save more than he could in 1897.

Mr. MITCHELL. Oh, yes; of course. There is no doubt about it. There can be no question about it. The miner is so much better off now than he was in 1897 that there is no basis of comparison. He is simply beyond calculation better off; better off in every way.

Mr. WEINSTOCK. That increase of earning power has increased his standard of living?

Mr. MITCHELL. I do not mean to say that he is the best off, for he is not. Coal miners ought to be among the highest paid workmen in America.

Mr. WEINSTOCK. You explained that under existing agreements the employers deduct from the wage the union dues?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. Does that mean that all mines employing union men are closed shops?

Mr. MITCHELL. Yes; that is, they are union shops.

Mr. WEINSTOCK. Nonunion men are not employed there?

Mr. MITCHELL. Any man applying for employment may be given work without a protest, but he afterwards automatically comes into the union.

Mr. WEINSTOCK. And if he refuses to pay his dues he can not be employed?

Mr. MITCHELL. No.

Mr. WEINSTOCK. So that it is practically a closed shop?

Mr. MITCHELL. We always use the term union shop.

Mr. WEINSTOCK. In California we speak of it as the closed and the open shop. Now, you were speaking of cutthroat competition, and that under this agreement arrangement it has minimized the cutthroat competition between mine owners?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. If it is illegal for owners to agree upon prices under the Sherman Act, how does that prevent cutthroat competition?

Mr. MITCHELL. That did not prevent it; unfortunately they still have it.

Mr. WEINSTOCK. Cutthroat competition?

Mr. MITCHELL. Cutthroat competition, but not to the same extent. I might illustrate: Prior to the advent of these United Mine Workers of America, and prior to the establishment of these trade agreements it was not unusual for a mine owner to go to his employees, and say, "Here, I can get a contract for, say, a thousand tons a day, and that would operate this mine every day in the year, but I will have to take it at 10 cents a ton less than is paid by the man that has it now. If you men will accept 10 cents reduction in the mining price, I will take the contract." The men sometimes agree to do that, and at other times they are compelled to do it. Then the mine owner will go out and take the contract, and the mine owner from whom he took the contract would say to his men, "The contract is gone, and I can not operate the mine at all unless I have a corresponding reduction in wages, and as a matter of fact if I take a contract like that I must have a greater reduction."

Now, there is the character of competition that has been entirely eliminated by the trade agreements. All competition for trade now is not based upon the payment of low wages; that is, each mine owner knows at any rate that he has a certain wage cost, and if he is able to take a contract from his neighbor now he either does it at less profit or no profit, or because of superiority of management.

Mr. WEINSTOCK. In other words formerly a cut in price was squeezed out of labor?

Mr. MITCHELL. Absolutely.

Mr. WEINSTOCK. Now, all union employees start out on an even basis as far as wages are concerned?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. And the unfair employer has no advantage now over the fair employer, as far as his labor cost is concerned?

Mr. MITCHELL. As far as his labor cost is concerned, no.

Mr. WEINSTOCK. So that while the trade agreement may not have prevented cutthroat competition in the way of profits it has prevented it in the way of wages to labor?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. You say that organized labor is almost united as being opposed to compulsory arbitration in America?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. What about compulsory inquiries like they have in Canada?

Mr. MITCHELL. I think I should look with disfavor upon it simply because I regard it as having been a failure in Canada. I think that the Canadian system has not been of any value in the larger industries. I know what is said about it, and they point to hundreds of strikes avoided, agreements made, and so on, but it is usually in the small industries.

For instance, I know in my trade, in mining, where a dispute arose in the Crow's Nest Pass district of Alberta, in which several thousand men were involved, that the Canadian Government sent out representatives there to mediate, and failing, said that the law should be obeyed, and that the men should not strike, and the men said, "We will not strike." Well, it would be very easy for the Government to have arrested a dozen men in some industry, but a question of putting in prison or fining perhaps 2,000 men, that was a different proposition, because the nonpayment of fines would mean prison, and the Canadian Government decided not to go any further in the matter, nor to take any drastic action.

That was also true in Nova Scotia and true in some other districts in Canada, so that I think the Canadian system is repulsive; there is a compulsory process to the Canadian system that is repulsive to the workmen.

I think the Lamoc Act of Canada has not been a success, notwithstanding all the claims that have been made for it. In attempting to demonstrate the success of that system attention has been called to the fact that we in America have disputes and strikes, and that they have avoided them in Canada; but if you compare in the United States the number of disputes that were avoided by direct negotiation between employers and workmen, if you compare the number of trade agreements in existence in the United States as against the number of disputes averted in Canada through the intervention of the Government, I think you will find that we have been equally as successful as they have been in Canada. If you make that contrast—and I should say that that would be the only proper way to do it—I think we have been as successful as they have been, and we have not had the disadvantages that they have labored under.

Mr. WEINSTOCK. As I understand it, the Canadian act is confined to public utilities. Are coal mines considered in Canada as public utilities?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. They come under the public-utilities act?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. But they are not owned by the Government?

Mr. MITCHELL. Yes; I think the ownership of all the coal in Canada is vested in the Government.

Mr. WEINSTOCK. The Newlands Act of the United States, which followed after the Erdman Act in dealing with railroad disputes, as I understand it, is practically the Canadian act, except that it is not compulsory?

Mr. MITCHELL. Yes; I understand so.

Mr. WEINSTOCK. Do you regard that with more favor than the Canadian act?

Mr. MITCHELL. Very much more; because the element of compulsion is not there.

Mr. WEINSTOCK. Under the Canadian act, as I understand it, labor can not strike and employers can not lock out until there has been first a public inquiry on the part of the Government; and the inquiry having been made and recommendations submitted, they are part of the inquiry and can be accepted or rejected; and if rejected, then the strike can legally take place, and a lockout can legally take place?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. Now, under the Newlands Act, as I understand it, the workers are at liberty to strike before there is an investigation?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. And the employers are at liberty to lock out before there is an investigation?

Mr. MITCHELL. Yes.

Mr. WEINSTOCK. The difference between the two systems is this: That in Canada the inquiry must be before there is cessation of work, and in the United States there has to be an inquiry either before or after the cessation of work?

Mr. MITCHELL. Yes; and, of course, there are no penalties here, and there are there.

Mr. WEINSTOCK. In your opinion the American act is the preferred act?

Mr. MITCHELL. By far. As soon as the element of compulsion enters, that of course arouses the hostility of the workman, and I think it would of the employer, too. The fact that in Canada men may be fined for failure to observe the act and may be sent to prison—because, of course, if the men refuse to pay their fines there must be some way of enforcing it, which means prison—and in America the men feel that there should be no direct or indirect process by which a penalty could be imposed on the man who gives up his work; in other words, that it is a species of involuntary servitude, which is repugnant to the law of the land, and that the right to quit work rests with himself, except this: Of course no American workman claims that he has the right to violate his contract, and he regards it as no hardship at all if his union should say, "You must observe the terms of your contract and remain at work."

Mr. WEINSTOCK. In other words, then, the union man is placed in this position: That there are times when he may want to work, and the union says, "You shall not work," and he must refrain from working, and under the Canadian act he may be compelled to work when he does not want to work; so the situation is reversed.

Mr. MITCHELL. Well, there are times, of course, when individual workmen may disagree with the decisions of their unions, and when the union has decided to strike; I do not doubt that at all, but I think they make a contrast in which there are like principles involved. For instance, in a case in Canada a man may want to strike because he may believe that he can secure better conditions through a strike than he could through the mediation of the Dominion Government, and as a matter of fact strikes sometimes change market conditions. For instance, I have not the slightest doubt in the world that in 1897 when the coal miners of the United States went on strike that they struck for wages that the operators could not afford to pay them. I do not think the operators could have paid them more wages unless they had created a new market. In other words, the miners struck not against the operators, they struck against the market; they struck to try to regulate competition sufficiently so that the mine owners could get prices for their products that would enable them to pay wages to the men. Now, of course, in taking that instance any arbitration undertaken at that time would have resulted in the men being defeated, because the mine operator could not pay wages unless he made profit. I mean the wages of the workmen and the dividends of the employer must come out of the earnings of the industry.

Commissioner DELANO. You have stated that one of the results of these trade agreements in the coal industry has been to bring about industrial peace, and that is one of the objects of our investigation, the investigation by this commission. From my point of view, as representing an industry that has to be a large consumer of coal, my observation is that we have a strike about every two years, a cessation of production of coal which puts all consumers to very large expense. We are looking for industrial peace, but that does not seem quite to conform to my notion of what industrial peace is, if we are going to have a war every two years; what is the answer to that?

Mr. MITCHELL. I think you are mistaken as to there being a strike every two years. Of course I am speaking of the term covered by trade agreements. For instance, the trade agreements in the bituminous-coal industry—I take it you refer to that?

Mr. DELANO. Yes.

Mr. MITCHELL. The first one was made in January, 1898, following the strike of 1897. Now, the agreement made in 1898 at the Chicago conference continued without interruption at all, and I think without stoppage of work. In 1900 the agreement was made without suspension of work, and in 1901 again there was no suspension of work. I think the first suspension of work occurred in 1904, and that lasted for a period of six weeks, when the agreement was made. In 1906 again there was a suspension of work for a short time. It is

true that there have been periods during the last 16 years when the miners and mine owners have failed to reach their agreements on the 1st of April, when they expire. There have been short suspensions, but usually they have got together shortly thereafter.

I could not very well attempt to fix the responsibility for that, but there is a peculiar situation in that a good many miners have previous to suspensions—for instance, if a man were a dealer in coal in a large city he might very well profit immensely from a suspension of work on the 1st day of April, the day of the expiration of the agreement, for if he had many thousands of tons in stock he would sell it at a much higher price than otherwise. And I know that the railroads have been disturbed by the fact that they fear a suspension, even though it did not occur; they could not permit themselves to be without fuel, and they have probably stocked up by the 1st of April, so that if the suspension occurred they still would have enough coal to run the railroad. That I regard as a serious matter, and it is one that I regret, too.

Mr. DELANO. And that would apply to any public-service company, such as a gas company or an electric company or a water company or street car company?

Mr. MITCHELL. Yes; I think that those of 1904 and 1906, thought. I think those are the only times during my connection with the organization that there were suspensions on the 1st of April.

Commissioner DELANO. Was it not again in 1908 and 1910?

Mr. MITCHELL. I think in 1908—that was the year of my retirement—I think there was for about three days, because as soon as I got out of office—and, by the way, the suspension would not have occurred, had it not been for the fact of an agreement to let my successor make the agreement—the agreement expired on the 1st of April, and the conference convened at Toledo on the 4th of April, and the agreement was immediately made.

Commissioner DELANO. I do not want you to think that my question is in criticism.

Mr. MITCHELL. No; I understand that.

Commissioner DELANO. But we are groping, we are trying to find some scheme that will bring about industrial peace. Now, it seems to me that if those who are dependent upon an industry do not know that there is industrial peace, or that there is any machinery to produce industrial peace, those who are dependent upon that industry feel that very seriously. My familiarity with this question is simply from that standpoint. Now, take the 1st of April, just a few days ago, there was not a single person in the Middle West dependent on the coal industry that knew whether the coal industry would continue or whether it would cease, or whether it would cease for one month or for two months. Everyone who is absolutely dependent on coal to continue the services that they are rendering had to be forehanded enough to buy 30 or 60 days' or more, according to how his judgment directed. That seems to indicate some policy or something wrong in the nature of the trade agreement.

Mr. MITCHELL. Well, of course one way to provide against it would be to have trade agreements covering a longer period; that is to say, it would lessen that. Of course, in the mining industry we have attempted to make the agreement for two years instead of one as formerly, and in the anthracite four years instead of two. In the southwestern district we attempted to meet that by providing that if the agreement is not negotiated by the 1st of April, the day that the agreement expires, that the men shall continue at work for another period of 30 days while further attempts are being made to negotiate the agreement.

Now, of course such an agreement as this in the southwest has its disadvantages to the workmen and they do not like it. For instance, if provision is made for workmen, coal miners, to continue after the expiration of the agreement all the advantage is with the employers, because it means that they can pile up coal and defeat the men in a strike that may follow.

I recognize, however, the merit of what you say about that, that the railroads are put to a great deal of inconvenience on the approach of the expiration of each agreement, because they do not know that work is to be continued, and yet in experience and in practice the difficulty has not been so serious as was feared; for instance, I dare say that in railroad service all the transportation men would have the right to stop work at the end of their agreement, and yet they do go on negotiating notwithstanding the fact that they have the right to stop.

Commissioner DELANO. In that respect apparently the railroads, in their trade agreements, have been able to work out a system that does not involve

cessation, and, of course, cessation would not be tolerated by the public in the case of a railroad.

Mr. MITCHELL. No.

Commissioner DELANO. But it is tolerated in the case of operating mines.

Mr. MITCHELL. Yes. I presume it would not be tolerated in the mining industry either if it were not possible to load up coal to meet just these contingencies. Of course, with the capacity of the mines one-third greater than the possible consumption of coal it is not difficult for industries to provide even for three or six months' supply of coal, and I think the railroads have sometimes provided for as much as six months' fuel.

The ACTING CHAIRMAN. Mr. Lennon, any questions?

Commissioner LENNON. Have you in your general experience found any possibility of a trade agreement without organization on both sides to some extent or must there be special interest on the side of the workmen?

Mr. MITCHELL. No; I think that would be impossible. In other words, I think the trade agreement presupposes the organization of the workers, and I think the trade agreements are better made where the employers are also recognized.

Commissioner LENNON. I want to ask a question or two on a subject that was started by our friend Mr. Thompson, as to the matter of education, the possibility of the miners receiving, through the aid of the State or through vocational education, a better knowledge of the dangers of dust and gas formation, and necessarily a knowledge of the composition of coal. Is there not a possibility of that being done to the advantage of the miners?

Mr. MITCHELL. Well, I think to a less extent than any other industry in the United States. To begin with, industrial training to be successful must have—I think we must be able to get some practical demonstration, and of course that is impossible. I think, however, the knowledge of gases would be of value, and I think perhaps the knowledge of insanitation, insanitary conditions, or ventilation, that knowledge would be of value to the miner, particularly a knowledge of ventilation; but I do not think there is much value to his knowledge of the composition of coal; I do not think that would make him a better miner at all.

Commissioner LENNON. How would you apply the matter to the miner's children. Suppose the boy, under the law, is permitted to enter the mine and is brought out to go to school, would that be likely to improve the men?

Mr. MITCHELL. I think that would be of very great value, if we could have the advantages of academic training or classical training, but I do not think the workmen would get a trade training in school.

Commissioner LENNON. Well, neither do I. What has been your observation among the miners as to their being law-abiding citizens at this time compared to what they were 20 or 25 years ago? Do you see any difference?

Mr. MITCHELL. Yes; I think there has been a marked improvement in the whole moral life of the miners. For instance, I do not know whether it is general among the workmen, but I think it may be said among miners—for instance, take as to drink—it was quite a common thing in my day that a miner who did not drink was not regarded as much of a miner; you were not looked upon as being a very strong man; but now there is very little, there is comparatively little drinking among the miners. In fact, in some States—I know that every coal county in Ohio went dry—where the miners had the majority of the votes the saloons were voted out of the county. Since then some of the saloons have been allowed to come back, but in southwestern Illinois every mining town is practically a dry town, and in some cases the miners compose 90 per cent of the voting population.

I do not care to discuss the question of wet and dry, but it is indicative of the sentiment that exists among the men, and I think that the improvement in the morale and the spiritual life of the miners has been proportionate with his increase in wages and the reduction of his hours of labor. When he worked a minimum of 10 hours a day and even much more than that—when I was a boy a miner went in at 3 o'clock in the morning and quit at 7 o'clock at night—when he worked tremendously long hours for very low wages, he had a different outlook upon life altogether from what he has now; so I say it has made a wonderful change in the miners themselves.

Commissioner LENNON. Do you know whether any of the districts could furnish the commission with accurate data as to the cessation of work under agreement, and as to the number of cases where the men were to blame and

the number of cases where the operators were to blame; can you furnish us with any information on that?

Mr. MITCHELL. I should say in Illinois, and perhaps in Indiana, they could furnish you absolutely accurate data of the number of disputes and the decisions in regard to them, for they have a joint organization for that very purpose, and it might include not only the number of disputes but the responsibility for them that caused the stoppages.

Commissioner O'CONNELL. You said that the men formerly worked 10 hours long, and now they work 8. Is it your experience that where laborers work continuously, maintain continuous work, that they can handle as much tonnage in 8 hours as they formerly did in 10? Did the men make as large an output?

Mr. MITCHELL. There is no question about that. Reports which are available of the United States Geological Survey on coal production have tabulated in them a statement of the output per man per working day, and it shows clearly that the output per man per working day is greater now than it was when a man worked 10 hours a day. I explained a while ago that it is in part accounted for by the fact that machines have been introduced, and it is in part accounted for by the fact that the men can actually do more work by working 8 hours than they formerly did at 10. That is particularly true with mining, where, of course, under the best conditions, the ventilation is not what it is outside; the air is not pure; it is vitiated.

Commissioner LENNON. You spoke of the regular work, that the men worked on an average of about 200 to 225 days in the year, and formerly they made more days per year. Is that because the mines themselves closed down, or because the working men receive a larger percentage and have not the same incentive to work that they formerly had?

Mr. MITCHELL. No; it is due to the fact that the production all over the United States is far beyond the possible consumption of coal. For instance, the mines in the United States produce now about 200,000,000 tons of coal a year, I think something like that—I am sorry I can not give you the figures right off—whereas, if they have a capacity of one-third more than that, I do not mean to say that if they worked every day they would actually get one-third more, because there are stops that must be made for repairs, but there are so many mines in the United States that there is not more than two-thirds—

Commissioner LENNON. So that the mines close down?

Mr. MITCHELL. Yes; the mine owner closes down, the mine only having an opportunity to work two-thirds of the time.

Commissioner LENNON. You said the United Mine Workers of America have control of many of these mines; do they handle only union made goods, or do the United Mine Workers of America, as union men, handle goods of any kind, or of any quality?

Do they say to the mine owners that they must buy tools and machinery made in union factories, and oil and powder, and materials made in union factories, or do they use whatever is given to them to use?

Mr. MITCHELL. They have no system as to what they say to the mine owner about it. The mine owners, as a rule, try to secure in the stores where they make their purchases union made goods, and if they see union made goods with union label on they will buy them and no others, but as far as their relations with the mine owners are concerned, there is nothing said about it. For instance, most of the powder is bought by the miners and is made by nonunion men.

It so happens that there is very little powder made by union men in the United States, and what little there is manufactured, they ask the mine owner to sell to them, and under an agreement with the mine owner, they jointly determine the character of powder to be used; it is determined by test, as to the value of the powder itself, and the men agree to buy it from the company and pay \$1.75 a keg for it, and it costs the company something like \$1.10, so that it is a very profitable arrangement for the mine owner to have his miners buy from him under that arrangement.

Commissioner O'CONNELL. Then the mine workers do not do as some other men do—refuse to work with nonunion tools?

Mr. MITCHELL. Very little of that comes to the mines. Most of that which is used is union.

Commissioner O'CONNELL. They do not discriminate?

Mr. MITCHELL. I think they would try their very best to have the mine owners buy union material. Of course, the miner does not have to buy that

unless he wants to; he can go and buy it anywhere. The mine owner does not furnish the tools. Of course, that is true as to these great mining machines, and I do not know that there is any of them made by union labor, so that there is no cause for dispute there, but if there was a dispute and there were machines made by union labor I suppose the miner would have the mine owner buy machines made by union men.

Commissioner O'CONNELL. What effect has the agreement had upon the protection of life and prevention of accidents?

Mr. MITCHELL. That is a most difficult question to answer. As a matter of fact, the ratio of accidents in mines has increased progressively, except in the last few years, when there has been an effort on the part of the Federal Government to increase safety, and it has had a measure of success, and promises to develop largely in the future. But, of course, these unskilled men come into the mines, and most of them never have heard of a coal mine, let alone work in one, before they came here, and that has increased, of course, the number of accidents. What the ratio would have been if there were no miners' union we can only conjecture, but I think it would be safe to say that if it had not been for the efforts of the miners' union the ratio of accidents would have doubled with the employment of unskilled men. Of course, with mining legislation—and in most of the States there is very good legislation—and I think that has been the result of efforts of the miners' union; the States have responded to the efforts of the miners' union, and they have enacted pretty good mining laws. That is not true in the States where the men are not organized. There is very little legislation and a very lax enforcement of mining laws in States where there are no miners' unions.

For instance, if I might explain, in West Virginia for a number of years I compiled statistics for my own use—they killed an average of six men per thousand employed; in Illinois they killed an average of less than three per thousand employed annually. West Virginia is a nonunion State. In Colorado, where they are nonunion, they killed on an average about seven; in Missouri, also nonunion, they killed less than one employee annually. In Alabama, nonunion, the average number killed in one year went up to 12. Of course, that was caused by an explosion, and was not typical, but the average for Alabama is from five to six per thousand employed, whereas the average of the union States runs about two per thousand employed. Just as the miners' union increased its membership there was a diminution in the proportion of accidents. You can follow the mining industry; if you were to chart it and take the thoroughly union States, the partially union organized States, and the wholly unorganized States, you will find the proportion of accidents going down as you go from nonunion to union fields, and it gets tremendously high in nonunion States and tremendously low in the union States. Unfortunately, in the best organized State in this country the accident rate is twice as much as it is in other districts.

Commissioner O'CONNELL. Then it would be fairly good insurance for a man to join unions in nonunion States?

Mr. MITCHELL. Yes.

Commissioner O'CONNELL. In regard to suspension of work, in your experience was the suspension greater before the time of the agreement than it has been under the present system of agreement?

Mr. MITCHELL. I do not know what the local situation was, in the absence of documents and the absence of any information, but I should say the strikes were confined to small territories, whereas now it usually involves a very large number of men. I do not know what the relative number of local strikes would be, but I would say that it would be less than without the trade agreement.

Commissioner O'CONNELL. And the shortening of the hours? I suppose you have heard the same as others; in shortening the hours men are likely to spend their leisure time carelessly or indifferently, and not for their own best interests? What experience have you had with miners as to the reduction of their hours? Do you find that the time is ill spent, or do they develop it accordingly?

Mr. MITCHELL. I think there is no question about it. I think when a man comes from a mine or a mill or a factory or a railroad, having exhausted his physical and mental energy, he is much more likely to seek recuperation or relaxation in unwise or unhealthful pleasures than he is if he comes from his work physically and mentally strong.

In other words, a man physically and mentally strong is more likely to get hold of a good book than a man who comes from his work exhausted. I do not think there is any question about it. I remember Prof. Irving Fisher mak-

ing a statement on the hours of labor, in which he said that as the result of scientific investigation the shorter working day makes a constant rise in the physical and mental standard of the workman, and Prof. Clark, of Columbia, has even worked it out in detail. I remember reading where he said that if he wanted to get the most work out of a man for a day he would work him 24 hours; if he wanted to get the most work out of a man for a week, he would work him 18 hours; and if he wanted the most work out of him for a month, he would work him 12 hours, and so on; but coming down to the final statement he said that if he wanted to get the best work out of a man for his entire life he would work him 8 hours. So, purely on the standpoint of production it seems the 8-hour day would be best, and then he goes on to speak about the effect on his physical and mental condition.

Commissioner O'CONNELL. Shortening the hours has a tendency toward temperance rather than the other?

Mr. MITCHELL. There is no doubt about it at all.

Commissioner O'CONNELL. Are you familiar with the English disputes act?

Mr. MITCHELL. Generally.

Commissioner O'CONNELL. Would you think that if an act of that character should be introduced in this country it would be practicable?

Mr. MITCHELL. I think I shall have to ask you to describe the features you mean.

Commissioner O'CONNELL. The features of combination along the lines somewhat of the Newlands act, with the exception that both employers and employees would be represented on the commission to investigate and adjourn, without powers.

Mr. MITCHELL. As I said in response to the question of Mr. Thompson, my own judgment is that the establishment of such a tribunal would be of value in the maintenance of industrial peace and industrial righteousness.

The ACTING CHAIRMAN. Mrs. Harriman.

Commissioner HARRIMAN. I would like to ask if you are familiar with the English industrial council, but I see you met that.

Commissioner O'CONNELL. It is all tied up in the same proposition.

Commissioner HARRIMAN. As I understand it, the industrial council in England is made up of 18 representatives of employers and 13 representatives of employees, and I wondered which you thought would work the best in this country. The question is, Which would be better, the smaller ones—that, of course, has an independent term—the small one made up of six or seven?

Mr. MITCHELL. I think the small council that they have would be of greatest value. I think that is a pretty large body.

Commissioner O'CONNELL. That deals with the mining industry and transportation.

Mr. MITCHELL. With great big questions.

Commissioner HARRIMAN. As I understand it, it would be to deal with the large questions.

Mr. MITCHELL. I think perhaps a tribunal made up, say, of seven men, seven representatives, would be better, if they had authority to select or appoint, independent of themselves, tribunals in industries where disputes arose. That might be a better working body to have a council as small as seven.

Commissioner COMMONS. Mr. Mitchell, you have given several statistical statements. What authority do you depend upon for your statistical information, that you can refer this body to, to work out these statistical data to verify your statements?

Mr. MITCHELL. The statistics I have employed I have taken either from my own reports to the United Mine Workers of America, or those compiled by the United States Government.

Commissioner COMMONS. Those are collected from the employers, those you refer to as being compiled by the United States Government?

Mr. MITCHELL. Yes; I suppose so. The reports of the United States Geological Survey on coal production I referred to. I have not used very much of them; I am sorry I did not. But may I suggest that the commission will find the results of a most exhaustive inquiry and study made recently by a student and professor of Columbia University, Mr. Suffern? His book is devoted to arbitration and conciliation in the mining industry. The book won the first prize in an economic contest, and a copy of the manuscript is now in the hands of the Department of Labor here. Mr. Stewart, of the Department of Labor, has one copy of the manuscript of it. But I dare say that the book will be of very great value.

Commissioner COMMONS. For example, these accident statistics that you gave; what is the authority for them?

Mr. MITCHELL. The Geological Survey. I spoke from memory. I would not say positively.

Commissioner COMMONS. And the differential between picked and screened coal?

Mr. MITCHELL. From the agreements themselves.

Commissioner COMMONS. And the differential between rates made and paid miners by the tonnage?

Mr. MITCHELL. From the agreements.

Commissioner COMMONS. I mean to get at the earnings rather than at the rate.

Mr. MITCHELL. That is from my memory. That was based upon my judgment.

Commissioner COMMONS. Is there any way of us getting at that, except—

Mr. MITCHELL. It is practically impossible to find the average earnings of miners. You can get the average earnings of the day men in the mines, because you find their daily wage set down, but to get the average annual earnings of men who work by the ton is a practical impossibility. The coal companies in some instances could give that, but there is no place that they do report, where they report it. I have never been able to get them.

Commissioner COMMONS. You could not, then, determine what has been the actual increase over a period of 16 years?

Mr. MITCHELL. It would be a practical impossibility. You might by deduction. The report of the Geological Survey does show by States the number of days that the mine is operated. It shows the production of coal per man per working day. Now, by taking those figures and by figuring it as to what they received per ton for it, you might there get approximately the amount of wages earned in any one year and, of course, increases in their wages from year to year—the increase in the annual earnings from year to year—but that, of course, would only be approximate.

Commissioner COMMONS. The commission decided to adjourn at 1 o'clock and meet promptly at 2 o'clock. This afternoon we will try to conduct our witness into channels where they either differ with or supply omissions in Mr. Mitchell's testimony.

We thank you, Mr. Mitchell, for your appearance.

(At 1 o'clock p. m. the commission took a recess until 2 o'clock p. m.)

AFTER RECESS—2 O'CLOCK P. M.

The ACTING CHAIRMAN. The commission will come to order. We will begin this afternoon with the testimony of Mr. Francis S. Peabody. You may proceed, Mr. Thompson.

TESTIMONY OF MR. FRANCIS S. PEABODY.

Mr. THOMPSON. Mr. Peabody, for the purposes of the record will you give the reporter your name, your residence, and business?

Mr. PEABODY. Francis S. Peabody. My residence is Hinsdale, Ill. My business is that of coal operator.

Mr. THOMPSON. In what field do you operate?

Mr. PEABODY. I have been operating in Illinois, Indiana, and Ohio. I have abandoned my Indiana and Ohio properties.

Mr. THOMPSON. I take it that your work is related solely to the bituminous fields?

Mr. PEABODY. Yes.

Mr. THOMPSON. I believe you heard more or less of the testimony of Mr. Mitchell this morning?

Mr. PEABODY. More or less of it. I did not hear it all.

Mr. THOMPSON. Mr. Peabody, in addition to what you probably heard, at the beginning Mr. Mitchell gave a history of trade agreements in the bituminous fields, their origination, dates, and in a general way what they contain and how they were arrived at. He gave somewhat of a synopsis of the conferences. I will assume, unless you want to make some statement in regard thereto, that he has correctly stated those matters, and I shall therefore ask you now what, in your opinion, is the advantage of trade agreements in the bituminous fields?

Mr. PEABODY. I wish I had heard Mr. Mitchell's testimony, because, having been brought up as an operator, I am not always entirely willing, even in the best faith, to admit that assumptions made by a man on the other side are entirely correct. Therefore, if I do admit Mr. Mitchell's statements it is because I have not entirely heard them.

My experience in the operation of mines and in the dealing with organized labor began in 1899. Prior to that time I operated nonorganized or nonunion mines. In 1899 the mines which I had at that time been operating were organized, and since that time I have been operating entirely with organized labor. The four-State agreement, to which Mr. Mitchell has undoubtedly referred and which is known as the Central-States agreement, is what we are all operating under at this time.

In my opinion trade agreements are wise. I think that the method of arriving at them is as satisfactory a method as can be arrived at. I, however, think that the present trade agreement, or the basis of the present trade agreement, is a false one. The present trade agreement is based upon an artificial condition, not upon natural conditions. In the endeavor to arrive at a peaceful and harmonious settlement of the differences between the miners and the operators it was determined to take into consideration not only the physical conditions of the mines that were being operated, but their geographical location, their freight rates, and the markets to which they were tributary. The question of the earning power of a man was not taken into consideration, except that in the finished veins of coal an effort was made to have the earning powers of a man sufficient to give a living wage.

In addition to that basis, however, the freight rates from that particular field and the quality of the coal in that particular field were taken into consideration in arriving at a cost in the general competitive market, and from that basis all the different wage scales—for example, in Illinois—were arrived at in some seven or eight different districts; so that the third vein of northern Illinois, which is located in Will County and La Salle County, where there was a freight rate of 50 cents a ton, as I remember it, at that time in the Chicago market and where the highest cost of production existed at that time on account of the thin vein and the poor condition of the mining, thus had a price that was arrived at in the Chicago market in this way: We will say that the cost of the thin vein lump coal at that time, under the minimum wage scale of mining, was \$1.50 and the freight rate was 50 cents. This would bring the cost of coal into the Chicago market to \$2 a ton. Then they tried to raise the wages of all the thick-vein operations south of there, so that those thick veins, which normally and under proper economic conditions would compete and put that third-vein field out of business, were raised so that they could not compete or could simply compete and hold their proportionate share of the market.

The consequent result of basing the trade agreement on artificial conditions has brought about—I will not say it has been the only thing to bring about this condition—practical insolvency of the operators in the bituminous field in Illinois, Indiana, and Ohio, so much so that in my own experience within the last six months I have abandoned working the mines that I own in Ohio on account of the fact that the 61-cent-mine run basis, or the dollar-lump-coal basis, which is at present existing in Ohio, together with the arbitrary charges made locally on account of narrow work, etc.—the items are so numerous it is not necessary for me to go into them—have made the cost of my coal so high in Ohio that I have been unable to continue to operate that mine. I am at present taking the rails from the mine; I am selling the mules and the motor haulage and others and dismantling the property.

This artificial trade agreement has resulted in that particular case to me in a loss of over \$400,000. I have nothing left of value in that property. I have the hills and I have the surface of the ground, and some time in the future conditions may become such that someone else may mine the balance of the coal that I am leaving in the hills.

That comes from an artificial basis for trade agreements. I do not want the commission to understand that I do not fully believe in trade agreements and that I do not fully believe in the employees uniting to negotiate with the employers, because I do; but I believe the basis that we started on some 16 years ago, being entirely based upon artificial competitive reasons and not upon the competitive reasons of the earning power of a man, is wrong. I believe the survival of the fittest—meaning the fittest from geological conditions, the quality of the coal, and the amount of money that a man can earn in working in the thicker veins—should make those mines having the geological, geographical, and

the economical advantages—meaning the quality of the coal—the mines that should be operated, while those that have not those advantages should be abandoned until economic conditions have either so increased the demand for the product of coal that then can be worked economically or that the thicker veins have been exhausted.

I wanted very much to have the opportunity of saying what I have said, because my relations with Mr. Mitchell, who is one of my very dear personal friends and with the miners, have been very warm and very close, and I am a strong and ardent believer in conciliation and agreements—while I think the entire basis of the trade agreements under which we are now working is wrong.

Mr. THOMPSON. Definitely, Mr. Peabody, will you state, so as to perhaps illustrate more clearly what you mean by that, in what respect the present agreement affected this mine of which you spoke. If there was no agreement between the union and the operators which was made on the basis of the competitive operators' standpoint, but solely from the standpoint of preserving to the union men a fair return, would that mine of yours be running to-day?

Mr. PEABODY. No; I think not. I think I made a mistake in making my investment at that particular point. I do not think that in the Ohio mine to which I referred the trade agreements have been the real means of driving me out of business at that point. I have had in Indiana a similar experience, and in mines along the road of which Mr. Delano is president I have had similar experiences, where the property has been compelled to be abandoned on account of roof conditions and mining conditions that simply prevented their being competitive mines, even to the adjacent mine. But in Illinois, to which I am referring particularly, Mr. Thompson, we have many veins of coal that we work; we have conditions as different as there are in the United States. We find the 36-inch vein of coal and we find the 9-foot vein of coal. We find coal with thick masses of dirt in the center, and we find thick veins of coal without a sign of dirt in them. My belief is that we should arrive at what a minimum wage should be, and base none of our scales upon any lower rate than what a man can comfortably live on and bring up his family.

I think I heard Mr. Mitchell's testimony in regard to the conditions and the personnel of the miners, and I think their conditions have improved enormously in the last 16 years, even if the financial condition of the operators has deteriorated during that period.

Mr. THOMPSON. Apropos, Mr. Peabody, of what you say with reference to the present competitive basis of the agreement, did you hear Mr. Mitchell's testimony that he considers that agreement should be so framed that all the coal would be mined, whereas to-day only about 60 per cent can be economically mined?

Mr. PEABODY. It is absolutely impossible, under present competitive conditions, to mine coal more economically than we do. That is one of the notes that I wanted to refer to as being one of the matters covered by Mr. Mitchell. The conservation of the resources of the earth can not be successfully carried on when the owner of the property is compelled to produce his product as cheaply as it can be produced. The proper manner, and, in the end, the economical method of producing coal is to drive your entries or tunnels and means of transportation underground to the extreme limit of the territory that you are mining, and from that point drive your lateral entries and turn your rooms and mine out all the coal, allowing the surface or, rather, the top above the coal to fall in as you retreat. In that method an entire recovery can be made. It will take, however, in the ordinary mining property, 8 or possibly 10 years, to drive those entries to reach the limits of the territory, 3 or 4 feet a day, or 3 or 4 feet a shift being the maximum distance that you can drive an entry during 8 hours. In the interim during that 10 years you will be producing only the highest-priced coal. It is hour work; you pay the highest rates of wages for it; and at no time have I ever driven a mine on that basis where I was able, during the period of development, to secure from the public the amount that it had cost me to produce that particular ton of coal. Therefore, it takes a long period of investment of capital and a long wait for the returns to mine coal along the proper methods of conservation.

Mr. THOMPSON. Mr. Peabody, what have been the benefits which have accrued to the operators from these trade agreements?

Mr. PEABODY. Perhaps the peaceful mines. I have been trying to study for a good many years the benefits. I think the only benefit we have is that we feel the condition of the man working for us is being bettered, and then there is

less danger of our being shot than there used to be in the old days. That is the only benefit I have seen so far.

Mr. THOMPSON. They give you more or less immunity from strikes, do they not?

Mr. PEABODY. They are assumed to. During the past year in Illinois there have been, I think, seven independent strikes in my properties, contrary to the agreements.

Mr. THOMPSON. Have they been of long duration or of great importance?

Mr. PEABODY. I think the longest was seven weeks at one mine, and cost us something like \$18,000 or \$20,000.

Mr. THOMPSON. What, in your opinion, would be the cause of those strikes and what would be the cure?

Mr. PEABODY. The cause of those strikes is largely the refusal of the men to obey the officers of their union, and also the unwillingness of the officers of their union to justly decide a question around election time—I mean miners' election time.

Mr. THOMPSON. Would any change in the present method of arbitrating and conciliating the disputes help in preventing and adjusting these questions?

Mr. PEABODY. There is no method of settling a question now. If a dispute arises between a miner and our pit boss, who is the local superintendent immediately in charge of that miner, and they do not agree, the matter is referred to the pit committee, which is the miner's representative, and to our pit boss. If they do not agree, the matter is referred, under our agreements, to the superintendent of the mine and the executive officer of the district organization of the miners. If they do not agree, it is referred to the executive committee of the operators and of the miners. If they do not agree there is no method by which the question can be settled, and as a rule it results in this: I have several notices showing the way in which they usually do ask us to agree, by serving a notice upon us that unless we yield within a given time, we must expect certain results. I think the last notice we had was that unless we yielded to their demands within five days, they not only would keep that particular mine on strike, but would call out all the rest of the mines that they had in that district; and I have no recourse.

Mr. THOMPSON. Have you any suggestions of changes in the machinery of adjusting disputes that would obviate these difficulties?

Mr. PEABODY. Yes; I am very keen to see a board of arbitration agreed upon by the joint associations of operators and miners. I believe if there were in our agreement a definite supreme court that could decide questions that we seem to be unable to decide very frequently, it would add greatly to our agreements on both sides.

Mr. THOMPSON. Have you considered any form of such a board of arbitrators?

Mr. PEABODY. I have studied, of course, the Canadian law and some of the laws that were referred to this morning. I have never gone into the question from a governmental standpoint. I believe that we could agree locally in our various States, or even in our interstate conventions, on some method that would help greatly without any State or governmental interference. Neither the operator nor the miner likes governmental interference. We feel, of course, very keenly that if the Government is given the power to interfere, they should also give us the right to protect ourselves by agreements in regard to prices. That, of course, goes without saying.

Mr. THOMPSON. Does any form of arbitration which you have in mind carry with it an umpire?

Mr. PEABODY. Yes.

Mr. THOMPSON. A deciding factor?

Mr. PEABODY. Yes; it would have to carry with it an umpire, and Mr. Mitchell and myself in one of our arguments some 15 years ago agreed to refer the question of differentiation in Illinois to arbitration. Fifteen years have passed, and we have as yet been unable to agree upon the third man.

Mr. THOMPSON. Of course, I assume that you have been perfectly—

Mr. PEABODY. Yes; I have been willing, of course, to take advantage of that. The first man he proposed was an ex-miner running a store down in Belleville, I remember very well.

Mr. THOMPSON. I should like to ask you what was the reason for the operators of the State of Illinois withdrawing from the State conference in 1906.

Mr. PEABODY. In 1910, I think it was, was it not?

Mr. THOMPSON. Yes.

Mr. PEABODY. Because there was absolutely no more sense in Illinois and Ohio and Pennsylvania having a joint conference than there is in Illinois and Nova Scotia and Alaska. The conditions are different. There are very few competitive conditions to be discussed, and the only question that I think is pertinent to discuss at any of these joint State conferences is simply the question of a uniform advance or decline in wages. In other words, if it is 10 per cent, of course it should be a 10 per cent increase all over the country, or a 10 per cent decrease. But outside of that, I have always been very strongly opposed, and was one of those, I think, who brought about the separation of the States at that time. After that they joined again. Now they have, I hope, had a final divorce in Chicago 10 days ago.

Mr. THOMPSON. Will you state what was the reason for going back to the old arrangement after 1910?

Mr. PEABODY. Because the miners would not negotiate in any other way, and some of the gentlemen said that we had to. It was not ourselves.

Mr. THOMPSON. What kind of an organization have the operators of the State of Illinois?

Mr. PEABODY. About as poor an organization as you can imagine.

Mr. THOMPSON. About how many members has it, and what percentage of the Illinois field does it cover, and what are its purposes?

Mr. PEABODY. There are three organizations in Illinois at the present time. There is the Illinois Coal Operators' Association, which originally, I suppose, covered all the railroad shipping mines in the State. At the present moment that organization has been broken up into the Illinois Coal Operators' Association, as it is called, the fifth and ninth districts of Illinois, which composes the mines in and around St. Louis, East St. Louis, and Belleville and north, and immediately in that section, and the third district group, which consists of the operators around Springfield, Ill. The third group broke away from the Illinois Operators' Association because the miners were clever enough to make a trade with them, saying, "If you gentlemen will sign up the agreement, we will let you work, and you can get the market away from the other fellows while you are working, and, of course, eventually we will gain in that we will force the Illinois operators to sign the agreement"; and their conclusion was correct. The fifth and ninth district operators took the bribe, made the money, and we lost out. So that they have been a very strong organization since, because they got some money into their organization at that time.

The third district group has been formed in the last four months by Springfield operators who were discontented with the operations of the Illinois Operators' Association.

Mr. THOMPSON. What proportion of the membership—I mean what proportion of the operators operating in the State of Illinois, if any, are included within those three associations?

Mr. PEABODY. I should think 80 per cent; possibly 90 per cent.

Mr. THOMPSON. Have these associations any other purposes than that of dealing with the union?

Mr. PEABODY. Dealing with the union, and doing the worst they can to each other; that is about all. We are utterly unorganized. We have been taking lessons for 16 years or so, being taught by practical teachers such as Mr. Mitchell and Mr. White, and you might think that the result would be that we would have an organization that would be worth something, but we have not, to-day.

Mr. THOMPSON. What have you to say with reference to the machine differential?

Mr. PEABODY. I have so much to say on that subject that I do not think you should, perhaps, get me started on it. I have volumes here that Mr. Mitchell and myself have said on the machine differential in Illinois that I can give to you to peruse at your convenience, especially on the arbitration question.

Mr. THOMPSON. Could you put it briefly and particularly with reference to its effect on the trades agreement?

Mr. PEABODY. I do not think I quite clearly understand your question. I do not think it has anything to do with the trade agreement.

Mr. THOMPSON. First, the differential comes as a result of the trade agreement, does it not? Originally it was made under it?

Mr. PEABODY. Yes; it was made under the trade agreements.

Mr. THOMPSON. And how did it affect the mine operator and how did it affect the earnings of the miner?

Mr. PEABODY. Well, I personally, of course, think that the differential on the machine is entirely inadequate for the capital invested in the machine and its maintenance and repairs. I really think that the machine enables the miner to earn more money than he would in the old method of pick mining. We all of us put them in, notwithstanding the fact that there is a very small percentage of gain to us, on account of the fact that it increases the tonnage very largely of our mines, and enables us to reduce proportionately our general overhead expenses, and also reduces the percentage of small coal or screenings in mining the coal.

Mr. THOMPSON. What is the method of reaching these differentials? What methods of agreement have you?

Mr. PEABODY. It was an arbitrary method that the miners arrived at. There was no basis in justice for it at all.

Mr. THOMPSON. Was it a matter of conference by both sides?

Mr. PEABODY. Oh, yes; there were repeated conferences, but conferences that were—I do not know exactly how to put it. The mine operators at that time were in desperate straits, and they took anything that the miners offered them; and that is another false basis on which our agreement was started.

Mr. THOMPSON. Generally, what has been the effect, if any, of the trade agreements on the efficiency of the miner, with reference to his individual work, and with reference to the methods with which he mines coal?

Mr. PEABODY. I think it has been disastrous with regard to the efficiency of his work and his methods. I think that the lack of our ability to discipline the men for bad mining, the almost impossibility of our having jurisdiction over them, is very bad. I agree with Mr. Mitchell thoroughly that the men should be paid upon the mine-run basis. I think that a man should be paid for all the work he does; but I also believe that the employer of labor should have jurisdiction over that labor while the labor is in his service, should be able to tell the man how put his shot, how to undercut his coal, how to properly prop his room, should have jurisdiction over him not only from the point of conservation of the coal mine, but of conservation of the coal in its being taken and mined, and also of conservation of the body of the man from safety reasons. Now we practically have no jurisdiction.

We are assumed to have the power to hire and discharge. We are assumed to have the inherent rights of the owner of property. We bargain, by individual bargain, many of those rights away, and when we do, of course, we have to give up that right. Many of those rights we have not given away. We have not given away the right to discharge or hire men, but notwithstanding the fact that we have not given it away, we can not either hire or discharge a man. We are limited to the number of men—what we call company men—that the union consents to our having.

For example, I have here a proposed agreement. I have just come from Peoria, where we have been working on this agreement that we have been trying to make with the miners in Illinois, where they try to limit the number of men in the employ of the company that we may have in the mines. In the largest mines in the State they classify the men, A, B, C, and so on, and they limit the number to three men. Now, I am operating a mine that I think is probably as large a mine as there is in the world. I spent eight years developing it before we began to turn our rooms, and the mine has a capacity of some 8,000 tons of coal in eight hours. Now, they tell us that we can only have three men in that mine to take jurisdiction over them for the company. It is an absolute physical impossibility for three men to get from room to room, from working space to working space, in the mine, to see whether the men are drilling their holes properly, whether they are properly timbering their roof, and so on. My own company put in a most exhaustive system for the prevention of accidents, and we have no help in it.

We are not allowed to have men in the company's service to call attention to the mistakes that the men make. They do not allow us to have jurisdiction.

Mr. THOMPSON. What is there in the contract that prevents the operator from having jurisdiction?

Mr. PEABODY. I think I saw a clause here last night. There are so many demands they are making this time it may be impossible for me to find it at the moment. [After examining document.] I do not think I will take your time looking for it, but there is a demand that we shall be allowed to have only three subbosses in the mine.

Mr. THOMPSON. That is not the present condition?

Mr. PEABODY. Yes; I think we have that condition now, at the present moment, that we are only allowed three men.

Mr. THOMPSON. Was that arrived at at the conference?

Mr. PEABODY. That was arrived at arbitrarily.

Mr. THOMPSON. The operators were at the conference and it was agreed to?

Mr. PEABODY. Yes; this has all been agreed to. Oh, yes; it is an unhappy condition, just the same.

Mr. THOMPSON. You think, then, that the operators should have somebody to take care of their interests and make their agreements?

Mr. PEABODY. It seems to me it is a reasonable request for us to make.

Mr. THOMPSON. Have you anything to say, Mr. Peabody, in reference to the statement of Mr. Mitchell that there was the employment of a great many unskilled miners by the operators, and that as a result of these unskilled miners being employed there were more accidents and that there was more destruction of coal in the mining of it?

Mr. PEABODY. I can only say that we employ only the men whom the Mine Workers' Union furnish to us. We can not employ anyone else. If they do not furnish us as good material as we want, we have no choice. We have to employ those men.

Mr. THOMPSON. From what Mr. Mitchell has stated and from what you now say, I should like to ask this further question: How do you employ additional miners? What is the method? Where do you send for them?

Mr. PEABODY. We are not allowed to send out of the State. Mr. Mitchell prevented that by having a law passed which is called the Mitchell bill. I held it up on him for a year, I am proud to say. That law prevents men from being imported from any other State to go into the mines. In fact, a man has to have two years' actual practical experience in Illinois coal mines before he is allowed to work in an Illinois coal mine; at least, that is my construction of the law and its effect.

Mr. THOMPSON. Of course, Mr. Peabody, the time is open for you to explain that, if you wish.

Mr. PEABODY. There is no explanation at all, except this, that the miners have local boards of examiners who examine a man as to his qualifications. These boards do not nominally consist of union miners—I mean that is not the requisite of the law—but they are appointed by the local county judge, whom the miners elect, and the result is that it is, of course, extremely difficult—I think they try to be just, and I assume it is hard to find a practical miner that has not a union card, but it makes it very difficult for us to obtain miners. We practically have to look to the union for the men.

Mr. THOMPSON. But do not men come in from other fields, like Indiana, and are they not permitted to work in Illinois?

Mr. PEABODY. Not without passing the qualifications. I think it would be an interesting matter for this commission to have that particular law and see just what it is.

Mr. THOMPSON. Have you a copy of it here?

Mr. PEABODY. I have not; no. Mr. Mitchell could probably quote it to you. It prevents competition, Mr. Thompson; it prevents us getting any other labor except the labor that the miners' union wants us to have. The quality of the labor has degenerated tremendously in the last 16 years.

Mr. THOMPSON. Does this objection that you state to hiring miners relate to union miners from other States?

Mr. PEABODY. I believe a man has to have a county certificate. Really Mr. Mitchell could help me answer that question, because I do not remember.

Mr. MITCHELL. I think it only relates to the men who have had no experience; it requires a man to have had two years' experience in a mine anywhere, and if he has had that experience he is entitled to a miner's certificate.

Mr. PEABODY. Do they not first have to go before the local county board and be examined?

Mr. MITCHELL. Not as to their efficiency. They take with them their certificate of efficiency that they have had two years' experience in mining.

Mr. PEABODY. Does that statement go without the examination?

Mr. MITCHELL. I think there is no efficiency examination. I think the only thing the law does is to prohibit the working in a mine of men who have never worked within a mine; it prevents them from working in the mines of Illinois. I think that is all the law does.

Mr. PEABODY. I think it would be a wise thing to have in your record that particular law. It is a very remarkable law and, I think, a very injurious law.

Mr. THOMPSON. I should like to ask you this question: Notwithstanding that fact, is there not a selection of workmen in Illinois by the operators?

Mr. PEABODY. We are allowed to refuse to give a man work without any real reason for refusing to give him work. There have been demands—there are demands in this new proposed agreement that we are considering here—that we shall give men work in the order of their applications, whether we want them or do not want them.

Mr. THOMPSON. But that has not been agreed to as yet? That is not a part of your present arrangement?

Mr. PEABODY. It is a demand they are making now, and it will probably become a part of the present arrangement. I do not know. It was not up to the time I left Peoria.

Mr. THOMPSON. Is there anything else you would like to say with reference to the operation of State agreements in regard to conciliation and arbitration in the bituminous coal-mining industry?

Mr. PEABODY. I came here with the hope and the feeling that the work that this commission was doing—was trying to do—would help wonderfully; I do not mean only in the operation of my own properties and coal mines, but it is a great power, and I think if the public can be brought to realize all the difficulties that the employers and employees have, and if this commission will investigate and see the troubles that there are, undoubtedly a recommendation by this commission, after studying the thing from all sides, would be of very great help to us all. I really and honestly think that I am anxious to see the conditions of the employees of this country bettered. Perhaps it is because I have reached that age of life where my mind begins to turn to less material things than making money, but in any event I think I am honest in that, and I believe that some solution can be arrived at. Of course, conciliation, I believe, is the only way.

Now, the method, whether the Canadian method, which involves publicity, and which I think has accomplished a great deal, is the best method; whether the Australian method is the best method; whether the method proposed by some of these new bills is the best method, I think it would take a commission studying those questions and looking at it from all standpoints, to determine. I do not think one person could answer that question.

Mr. THOMPSON. You have raised some serious objections to the trade agreement in the Illinois coal fields.

Mr. PEABODY. Not to the agreement, at all, but to the basis on which the agreement is made. I believe that the agreement should have been made, and not try to introduce artificial questions, questions that have nothing to do with labor. The quality of the coal that a man produces, the geological seam, has nothing to do with what he should be paid for it. The freight rate on which the coal is shipped from that particular district should have nothing to do with what you should pay the men for mining that coal. We have started on false assumptions.

Mr. THOMPSON. Was that on behalf of the operator, or at the instigation of the miner?

Mr. PEABODY. I think it was a combination of both. I am not blaming the miner or the operator for it. I was a nonunion miner at that time, going along happy in the old way, cheerfully, until they interfered with me.

Mr. THOMPSON. You believe, notwithstanding the objections which you have made, that the trade agreements which exist in Illinois coal fields are good things, are beneficial both to the operator and to the worker?

Mr. PEABODY. I do not believe that the present agreements are. I believe trade agreements are of great benefit. I think our present trade agreement, as it exists in Illinois, is—I know it is—a bad thing financially; and I think members of your commission who are almost as familiar with the situation as I am would verify the statement that 75 per cent—and that seems a tremendous per cent—of the coal operators in the State of Illinois are insolvent.

Commissioner WEINSTOCK. Seventy-five per cent?

Mr. PEABODY. Seventy-five per cent is my statement.

Mr. THOMPSON. What do you mean by "insolvent"?

Mr. PEABODY. I mean that they can not pay their bills.

Mr. WEINSTOCK. In the mining industry?

Mr. PEABODY. The miners also feel that way, because one of the latest things that they have demanded is that they will not sign an agreement, and it is one of the conditions of the troubles of the operator that they will not sign an agreement to work for an operator unless the operator first secures a surety

bond which he gives to the union, guaranteeing that the two weeks' wages which are always behind will be paid. Is not that an example of the faith that they have in our solvency? But that demand is really seriously in earnest. So many operators have failed in the last year or two and the men have lost so much money that it has been put in in all seriousness as a proper demand.

Mr. THOMPSON. Yes; but, Mr. Peabody, is this condition of insolvency a result of the trade agreements of the union?

Mr. PEABODY. No; not primarily of the trade agreement, but I think it is because of the basis on which the agreements were originally made. I do not know whether I make myself clear to you. I want to do so.

Mr. THOMPSON. If there were no union and if there were no trade agreement would that effect the solvency or insolvency of the operators in Illinois?

Mr. PEABODY. Why, yes. If there had been no trade agreements, the mine that was able to produce the cheapest coal and the best quality of coal and reach the market most economically would first be filled up with business. Then the next mine with the next most favorable conditions would get the business, and then the next mine, and then the next mine, and then the next mine; instead of trying to support 380 to 400 different mines all about, and trying to adjust all their prices, their freight rates, and labor rates, and quality of the coal, and putting their products all into one general market at the same price. It is an utterly artificial condition. It does not exist in any other trade that I know of.

Mr. THOMPSON. Are any of these mine operators that have possession of the best class of mines in danger of insolvency?

Mr. PEABODY. Oh, yes. For example, the O'Garrah Coal Co, which went into the hands of a receiver six months ago, I have now in mind. They were one of the largest operators in the country in one of the best veins of coal in the State, and what brought about their insolvency I do not know—whether it was incompetency, or agreements, or what.

Mr. THOMPSON. A lot of these mines that are now operating and are perhaps in a condition of insolvency, without the agreement would absolutely die out?

Mr. PEABODY. Why, no. Many of those mines are in a condition of insolvency now, and if they were without the agreement and allowed to produce and make their own agreements as to what they should pay the men and allowed to compete they would get very rich indeed.

Mr. THOMPSON. But many of them, perhaps the majority of the mines operated of these three or four hundred that you mention, would have to close down?

Mr. PEABODY. Surely. They should. They can not mine coal economically; they have not the quality of coal. Their costs are excessive. Their freight rates are excessive. Why should they reach the market?

Mr. THOMPSON. Mr. Chairman, that is all I wish to ask this witness.

Mr. BARNETT. Mr. Mitchell said, Mr. Peabody, that the number of working days was about 200 at the present time in the year—the average number of working days. Do you attribute that also to his method of reaching a differential so as to keep a large number of mines in operation?

Mr. PEABODY. I think that is one of the reasons.

Mr. BARNETT. Are there other reasons in addition to that?

Mr. PEABODY. Yes. The principal reason is the reason that Mr. Mitchell gave: The fact that the capacity of our mines is 30 per cent greater than the demand for our product.

Mr. BARNETT. The point I am trying to get at is the fact that the capacity is 30 per cent greater than the need, due to the different basis of the power of the mines to compete. Is that 30 per cent of capacity necessary to meet demands for coal, or is it artificial and produced largely artificially?

Mr. PEABODY. Yes; I think it is, because our business is largely a season business, a weather business. In the winter time it taxes very largely the capacity of the mines to take care of the peak load of the demand. In the summer time, of course, the minimum demand is so much smaller than the peak demand that possibly only one-third of the capacity is required; so that Illinois to-day, producing 60,000,000 tons a year, could very easily produce from 90,000,000 to 100,000,000 tons a year, while the peak of the load will demand a ratio of 90,000,000 tons in the three months of the wintertime, while the minimum demand will run down to forty or thirty-five million tons.

Mr. BARNETT. Is there a difference in the machine differentials in the different States?

Mr. PEABODY. Yes.

Mr. BARNETT. What is that difference? Is that also a part of this machine differential?

Mr. PEABODY. No; that is based purely on might and not right.

Mr. BARNETT. It does enter into the competing power, does it not?

Mr. PEABODY. It does. It makes a tremendous difference. For example, we were allowed 10 cents to Danville. There were no machines in Danville—no machines operating in Danville—so that they allowed 10 cents in Danville and only 7 cents in the rest of the State—where the machines were operated—so that, although Illinois nominally has a 10-cent differential, it actually has a 7-cent differential. The differential in Indiana is 10 to 12½ cents. In Ohio it is based upon the lump-coal price, and it runs up from 21 to 27 cents. I have not the exact figures, but there is a great variation in the differentials in each State.

Mr. BARNETT. You spoke of the fact that the miners were required to give their certificates in order to work in Illinois. Is there any other legislation in Illinois which bears upon the relations of the operators and the miners?

Mr. PEABODY. There is a great deal of very excellent legislation which has been enacted by our State, particularly along the lines of the safety of the property and the safety of the men. That has been another thing that has been very largely instrumental in bringing about the insolvency of the Illinois coal operators and for this reason, that these burdens, very just burdens, very proper laws, and very just rules in regard to fire appliances, fire construction, and the innumerable laws, all of which are excellent, have not been adopted by, for example, Indiana or by Ohio. These laws in Illinois have added to the cost of production in Illinois, I should say, very easily 6 or 7 cents a ton. They are proper laws. The trouble is that these laws should have been enacted only by all the four States, if they choose to keep up this artificial competitive condition jointly; but the operators, apparently, in some of the States have had better luck—I do not know that it is luck; I do not think that it is—either because, I think, these laws are probably—

Mr. BARNETT. Have you any run-of-mine legislation in Illinois?

Mr. PEABODY. That is a State law.

Mr. BARNETT. When was that passed?

Mr. PEABODY. It was passed in 1897 or in 1898. It was in 1897.

Mr. BARNETT. Everything was on the screen basis before that?

Mr. PEABODY. Yes.

Mr. BARNETT. And that led to the passage of the present law in Illinois?

Mr. PEABODY. Yes. I will give you an example in southern Illinois. Prior to my becoming a well-organized union operator, I was running a small coal operation—cheerfully and happily—in the southern end of the State. I was paying my men 25 cents a box for hand mining and for loading coal. The box contained anywhere from 2,000 to 2,500 or 2,600 pounds, and, I assume, as I remember my costs at that time, my mine-run coal cost me—this was in 1897—approximately 30 cents a ton on the railroad cars. That was in 1897—19 years ago. The least cost I have had in the last year has been a little in excess of 90 cents. Now, I was not paying the men a proper amount of money, and I was not paying them on a proper basis. They would load the box, but they would not get paid for all they should have been paid for—there is no question about that. But to-day they are being paid for all they should be paid for; but, through either inefficient mining, and I think many times—I will not say many times, but sometimes—with deliberate intent they put in such shots that they would break down the slate in the roof, break up the blackjack in the floor, break up the dirty bands in the coal, and, in putting the coal in the cars, they will throw it all in together as run-of-the-mine coal. If we had the jurisdiction of the men they would not do that. I do not think to-day there is a miner that is getting too much money. We are paying the men \$2.62, and I think they should have more money—many of them. But we should have jurisdiction, and we have none.

Mr. BARNETT. How far is the wage in the central field controlled by the competition of the unorganized districts—West Virginia and Pittsburgh?

Mr. PEABODY. It is not at all.

Mr. BARNETT. There is no competition between the coal there?

Mr. PEABODY. Oh, yes; they can put their coal into the markets very much cheaper than the organized fields, and in the last 10 years in Chicago the smokeless coals, the Pocahontas, and New River coals have increased their local consumption in Chicago from 50,000 to 2,000,000 tons in the 10 years and put out the union coals of Illinois and Indiana, and also it has displaced the anthracite on account of the quality of the coal and the price at which it can be.

Mr. BARNETT. It is, then, a chief factor in fixing the rate, is it not?

Mr. PEABODY. I have said that the basis is wrong.

Mr. BARNETT. I do not mean the differential, but I mean the basis—rate—the Hocking Valley rate?

Mr. PEABODY. Oh, originally; but it has nothing to do with it now.

Mr. BARNETT. This competition of the unorganized fields is increasing all the time, is it?

Mr. PEABODY. It is increasing all the time, but Illinois has increased its product 20 per cent in 10 years.

Mr. BARNETT. But is the competition of the unorganized fields increasing?

Mr. PEABODY. I think it is, relatively. I do not know that their production is increasing any more rapidly than it would have naturally increased if they were unionized.

Mr. BARNETT. If you have taken up at the biennial conference the question of whether the increase of 5 or 10 per cent should be made, is not this competition from the unorganized fields the chief factor?

Mr. PEABODY. That is the chief element of discussion.

Mr. BARNETT. That is what I wanted to get at. Is it the chief factor, or on what does the increased rate depend primarily, the possibility of getting an increase or decrease?

Mr. PEABODY. We have never had a decrease but once in our rate, and Mr. Mitchell gave it to us. He was very brave in doing it, because it was very much against what his men thought he should do. He did it because the general market conditions at that time were so bad and the financial condition of the country was so bad that he thought he was doing a proper and just thing. It had nothing to do with the nonunion mine.

Mr. BARNETT. Suppose the question were the increasing of the rate 5 cents a ton. Would the determining factor be whether or not the market in which they were then in control would consume less coal or would it be the possibility of loading those markets to the nonunion operator?

Mr. PEABODY. I think the first more than the last.

Commissioner DELANO. Mr. Peabody, as I understood you to say, the mining scale is based on an effort to equalize what you might call the advantages or disabilities of one field with another in respect to geographical location in relation to the market, the quality of the coal, and all that, and that the effect of that has been to increase the competition which the operators have had to bear rather than anything else?

Mr. PEABODY. Yes.

Commissioner DELANO. Is that a correct assumption?

Mr. PEABODY. Yes.

Commissioner DELANO. I understood you also to say that a trade agreement, in which you believe, was not possible or satisfactory unless you dealt with organized labor or unionized labor.

Mr. PEABODY. Yes.

Commissioner DELANO. Is that equally true with respect to the operators, that in order to make a trade agreement possible and workable the operators must or should be organized?

Mr. PEABODY. It is absolutely essential that the operators must be organized. We could only deal as units to be successful. Our weakness to-day is the fact we have three organizations in our State not in harmony.

Commissioner DELANO. That is what I want to get at.

Mr. PEABODY. Yes; that is true.

Commissioner DELANO. Whether part of the difficulty that Illinois and neighboring States have had has been due to the lack of organization and solidarity among the operators?

Mr. PEABODY. Yes; it is one of the great weaknesses.

Commissioner DELANO. How does the central bituminous region compare with the anthracite region in that respect?

Mr. PEABODY. The anthracite region, as I understand it, is controlled by a very few men who are a unit; who instead of sending, as we do, 150 or 200 delegates to a convention will send one man to represent the anthracite interests, or perhaps two or three men; and they are a unit as to what they will do and what they will not do. The miners in dealing with these two or three men know they have the power to say yes or no and treat them on an entirely different basis from the way they treat with a large mass of operators with diversified interests who are not cohesive, as is true with us in the central

district. The anthracite operators, I assume, can control their prices and conditions better than we can; I do not know.

Commissioner DELANO. Mr. Peabody, if you are looking toward trade agreements as a solution of the problem of finding industrial peace, would you say that it would require the public to contemplate the organization of employers quite as much as the organization of labor?

Mr. PEABODY. Yes; I very distinctly think so, Mr. Delano.

Commissioner DELANO. I want to ask one further question in respect to this biennial shutdown. The public have an impression, I think, that that is in part occasioned by coalition between the operator and the miner, and that, although the adjustment could be made before the time of shutting down comes, it never is made until after. Is that a fair statement?

Mr. PEABODY. I think Mr. White, the present president of the mine workers' union, has been very honest in his endeavor to satisfy the public in advance and to encourage his men in having no suspension. I think he believes, and I think Mr. Hayes and other of the executive officers of the present miners' organizations are sincere in their desire to have no suspension. We practically have none now, with the exception of Ohio and possibly in Pennsylvania. Ohio is up against a peculiar condition. Mining laws have been passed in Ohio during the past year which the operators have refused to recognize. I think the miners have the right on their side, in so far as they have the law on their side. I think this biennial suspension about which you are talking, and the inconvenience and the danger of it, come largely from the coal speculator more than from the genuine operator or the miner. The coal speculator or jobber—the dealer in coal—tries to make a harvest every two years by creating a scare in your mind, Mr. Delano, to get you to put 60 days' coal on the ground, and likewise the large utility corporations, simply to create an artificial price on account of the tremendous demand. If you will look over the past number of years that you have been dealing with the operators, you will find ordinarily that that coal was not used, but you carried it over and gradually used it up during the ensuing year, and that you had paid a speculative price for it. I do not believe the ordinary operator and ordinary miner have any desire to mislead the public or any desire to suspend work.

I think it would be a great benefit if we were allowed by law at the present time to suspend work for a month and shut down all mines for a month. I think it would make the market conditions very much better. I think it would be less destructive of results to the operator, and I think it would be resultant in steadier labor for the balance of this year to the miner. But we can not do that; the law will not allow us to restrict our output or to raise our prices or to go into any agreement that would result in bringing about better prices for our product.

Commissioner DELANO. Could you, as an operator, or could any other operator, guarantee to those who are large consumers of coal that there would not be this cessation? Could you on the 1st day of March state whether or not there was to be a cessation?

Mr. PEABODY. No; we could not. I had had faith in what the miners' officials said, and advised my customers this year I thought that there would be no cessation of work. I felt they were in earnest and that they realized how disastrous it was, not only to the industry from the operators' standpoint but from the miners' standpoint. I do believe, Mr. Delano, that the railroads of the country could largely help out this question of carrying such a great peak load as we have to carry, if the railroads, who are the largest consumers of cars, use them at the coal mines in getting a supply of coal on the ground during the summer months for 60 or 90 days' consumption during the winter months. Of course it would cost the railroads the interest on the capital invested in this storage coal, and it would cost the railroads the unloading and reloading charge, and also the depreciation on the quality which would necessarily depreciate during the six months' storage. But it would take away from the operator his peak demand in the winter; it would give the railroad the use of the cars in the winter, in which we now have to load the fuel coal in the wintertime for the railroad, and the railroad would have the use of that car for commercial purposes. It would greatly even up the load of the coal operator and, I believe, would greatly enhance the earnings of the railroads. I think I have personally discussed this question with you before, Mr. Delano. I think it would result in the operator not being required to carry such a tremendous investment to take care of a peak load, and that if the railroads would

put in a two or three months' storage every summer it would take a very large percentage off that peak and more evenly distribute the use of their cars and the use of our capital through the summer months of the year.

Commissioner BALLARD. Mr. Peabody, as an operator working with union miners, have you had any trouble from the union miners in your district in the way of refusing to use powder or tools or machinery that was nonunion?

Mr. PEABODY. They go through that process every year, but it is largely a matter of form with them.

Commissioner BALLARD. It is not any serious inconvenience?

Mr. PEABODY. No. We sell them nothing except powder, and I am rather under the impression that I made at one time the only union powder made, and I think every keg of it was objected to at the time by the pit committee, because I think they did not at that moment like me very much; but the union labor was there. I do not think it has any influence at all. The best selling tobaccos in mining camps are Five Brothers, and Miners' & Puddlers' Delight, both of which are nonunion tobaccos. It has no influence on them at all. They have the privilege of buying everything they choose. They can go out and buy their bits, caps, oils, picks, and everything else except their powder. The powder agreement covers six pages, showing the methods of testing the powders, etc.

Commissioner BALLARD. That is all I desire to ask, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Weinstock, do you care to ask any questions?

Commissioner WEINSTOCK. Mr. Peabody, you said that trade agreements do not prevent strikes or contract breaking?

Mr. PEABODY. No; they do not.

Commissioner WEINSTOCK. They do not prevent it?

Mr. PEABODY. No.

Commissioner WEINSTOCK. If so, what is the advantage of collective bargaining to mine owners?

Mr. PEABODY. I think it is very much better for the men and, in the end, is not injurious to the mine owners if the collective bargaining is done. Mr. Mitchell made some points, and I remember a point that he made was that in the early day, when contracts would be let, we have gone to our miners, before the union was in existence, and said, "We can get this Burlington contract or Wabash contract or this contract or the other contract, and we will keep you working steadily provided you will stand a reduction in your wages," and it was always met by some other man finally.

Commissioner WEINSTOCK. So it ended in squeezing labor?

Mr. PEABODY. Yes; it ended in squeezing labor, and if you squeeze labor too much you will squeeze capital.

Commissioner WEINSTOCK. I gather from what you said that the men are very much better organized than the owners.

Mr. PEABODY. Oh, yes; very much.

Commissioner WEINSTOCK. If the owners were as well organized as the men, what do you think would be the outcome?

Mr. PEABODY. I think it would result in agreements that would be very much more beneficial to both sides.

Commissioner WEINSTOCK. What is it that prevents the owners from organizing as well as the men are organized?

Mr. PEABODY. As a rule, financial necessities; a lack of confidence in competitive capital; the fear that one man will get the better of another; the lack of any law allowing us to even confer on better conditions; and the mistrust of capital for other capital.

Commissioner WEINSTOCK. In other words, the workers have more confidence in each other than the owners have?

Mr. PEABODY. Oh, very much more.

Commissioner WEINSTOCK. I inferred from what you said that the owners have in many things surrendered to the unions. Is this because of their superior organization and thus putting them in the saddle, so to speak?

Mr. PEABODY. There are many reasons why they have secured things. Some of the things they have secured were proper and they should have secured them. Many of the things they should not have secured. They secured those either by striking and tying us out or by getting some weak-kneed chap to give it to them and letting his mine start up, and he, beginning to get the market away from us, and rather than let him have the market, we would yield and give it to them, too. They are very clever. I can not tell you how clever they are. They work every possible way.

Commissioner WEINSTOCK. Then the conditions are just the opposite of what they were when the owners were in the saddle?

Mr. PEABODY. In the old days we used to make some money once in a while, but we do not now.

Commissioner WEINSTOCK. How do you reconcile that statement with the statement made by Mr. Mitchell this morning that he believed the condition of the mine owners is much better than before the introduction of collective bargaining?

Mr. PEABODY. I do not believe Mr. Mitchell has given you any evidence here that he is competent to testify from that standpoint.

Commissioner WEINSTOCK. You dispute that statement?

Mr. PEABODY. Oh, very distinctly; very distinctly.

Commissioner WEINSTOCK. If the mine owners are worse off than they were before the era of collective bargaining, do you think that is due to the organizing of labor?

Mr. PEABODY. Oh, no. I think it is due, particularly in the bituminous districts, to a rather unusual thing. One particular reason is that during the period of the anthracite strike bituminous coal was in very great demand. Men owning little properties, with perhaps \$30,000 or \$40,000 or \$50,000 invested, made during the four or five months the anthracite strike continued \$40,000, or \$50,000 or \$60,000. They made enormous sums of money. The price of the bituminous coal went away up. Screenings went from 25 or 50 cents to \$2 a ton at the mines, and lump coal went from \$1 or \$1.25 to \$5 or \$6 at the mines. I sold coal at Chicago to the railroads at \$5 or \$6 a ton on the cars that would ordinarily sell at \$2 or \$2.25. There was an enormous amount of money made by the bituminous operators. Just as happens in every boom, the thing is overdone; so that the money that was made at that time induced every operator—and every one who knew what money they had made—to sink new coal mines.

Commissioner WEINSTOCK. Stimulated production?

Mr. PEABODY. Overstimulated production. The only way they will ever be reduced to the demand is by the enforcement of these mining laws such as they have, for instance, in Illinois. To-day it costs 60 per cent more to sink a new coal mine than it did three years ago on account of the fireproof character of the shaft and on account of the new laws that are going into effect. That will naturally restrict new operations and the old ones will gradually die out. If governmental or State conservation laws could be passed, I think the supply and demand will automatically regulate it.

Commissioner WEINSTOCK. While, I take it, you dispute Mr. Mitchell's statement that the mine owners are better off to-day than they were before collective bargaining, you do not hold organized labor responsible for the declining earning power of the coal-mine owners?

Mr. PEABODY. I do not hold organized labor any more responsible for the present bad condition of the coal trade than I do the employer of that labor. Organized labor has demanded nothing very much that they did not think they were entitled to, and they have got it from us by hook and by crook—and I do not mean that in an improper way; I am using that as the old quotation.

Commissioner WEINSTOCK. That is, they have done what you and I and the rest of us would do under like circumstances.

Mr. PEABODY. Exactly.

Commissioner WEINSTOCK. If it is better, as you point out, for the owners in the various States to have uniform legislation on the matter of working conditions, why is it not wise for them to have collective conferences?

Mr. PEABODY. Because, unless it be Illinois and Indiana, I think there are very small competitive conditions. Ohio coal competes practically not at all with the Illinois coal.

Commissioner WEINSTOCK. Still, they have this one thing in common—the establishment of uniform working conditions.

Mr. PEABODY. I say, outside of the fact that I believe the day laborer should be paid as much in Ohio as he is in Indiana and Illinois, and if there is a general percentage raise or fall in conditions in one State I think they should automatically extend over the territory in which union labor works. But outside of that there is nothing to bring us together.

Commissioner WEINSTOCK. You were pointing out that the present basis of agreement, in your judgment, is wrong?

Mr. PEABODY. Yes.

Commissioner WEINSTOCK. What would you regard as a right basis?

Mr. PEABODY. The earning power of a man, the quality of the product, and the ability, from the geographical situation, of that party to reach a market.

Commissioner WEINSTOCK. If you had full power in the matter, and, with your great knowledge and experience with conditions, were asked to prepare an agreement that would be fair to both sides, what would be the vital points you would establish that are different from the present arrangements?

Mr. PEABODY. Such an agreement as I would draw would put most of my competitors out of business automatically and properly. That is a correct statement, because I have made my investments in the thick veins of the State where properly coal should be mined first, because it can be mined more economically and living wages can be paid in its mining and where the quality of the coal is superior and where it is centrally located to markets north, east, south, and west, and it is where the demand should go first and should be supplied first.

Commissioner WEINSTOCK. I suppose you would have a hard time convincing your competitors that that was a wise thing to do?

Mr. PEABODY. Many of my competitors probably would not agree with me at all on that proposition, but they could not logically contend against it, because when you consider that you start on an artificial basis, you have to artificially hold that basis up. Anything that is artificial is finally bound to go in the end. It is going to come in our industry. That is what is causing insolvency of these properties gradually.

Commissioner WEINSTOCK. Has the introduction of machinery in mining reduced the percentage of skilled workers and increased the percentage of unskilled workers?

Mr. PEABODY. Oh, very materially.

Commissioner WEINSTOCK. It has done that?

Mr. PEABODY. Oh, yes. It does not take skill now.

Commissioner WEINSTOCK. From that statement, I would take it that skilled labor is not much of a factor in your industry?

Mr. PEABODY. It has become largely a manufacturing proposition, a raw-material loading proposition now. There are expert men driving our machines. Our timber men ought to be experts. Our track layers and our mine examiners are experts. But it does not take an expert to take a shovel and shovel coal from the floor of a room into a car. That is the largest cost at the present time.

Commissioner WEINSTOCK. How does the earning capacity of the unskilled laborer of to-day compare with the earning capacity of the skilled laborer of 1897?

Mr. PEABODY. The unskilled laborer in the thick veins earns much more. I have not brought any records with me, but we frequently find a man earning \$6 or \$8 a day, an unskilled laborer, in our thick veins, while in the thin veins that same laborer could not earn to exceed \$1.75 or \$2 a day right at the present moment. I contend that that man should not work in that thin vein, but he should come and work in the thick vein until the thick vein is exhausted.

Commissioner WEINSTOCK. Can you recall approximately what the skilled worker in 1897 earned?

Mr. PEABODY. In 1897 a good miner at 25 cents a box, working 10 hours, would earn \$2.25 to \$2.75 a day. That was the nonunion man.

Commissioner WEINSTOCK. As a matter of fact, the unskilled worker to-day is earning as much as the skilled worker in 1897?

Mr. PEABODY. In eight hours; yes.

Commissioner WEINSTOCK. So that while there is less demand for so-called skilled labor, the unskilled worker is better off to-day than the skilled worker was at that time?

Mr. PEABODY. Yes. We used to pay our unskilled laborer a dollar a day, and now they can earn up to \$6 or \$8 a day.

Commissioner WEINSTOCK. At that rate the machine has not been such a calamity after all to society?

Mr. PEABODY. Oh, no.

Commissioner WEINSTOCK. It has lightened the burden of the worker?

Mr. PEABODY. Yes; it has lightened the burden of the worker.

Commissioner WEINSTOCK. And still made it possible for him to increase his earning power?

Mr. PEABODY. It has. I do not think the miner objects to the machine. He objects to saying how much of the earnings of the machine shall go to him and how much to the man that owns the machine.

Commissioner WEINSTOCK. He want a share of the saving?

Mr. PEABODY. He does not want a share.
Commissioner WEINSTOCK. He wants it all?

Mr. PEABODY. Yes.

Commissioner O'CONNELL. What is the annual earning, approximately, of a miner at this time?

Mr. PEABODY. That is an extremely difficult question to answer.

Commissioner O'CONNELL. How many days in the year does he work? Mr. Mitchell said 200.

Mr. PEABODY. From 155 to 210 or 215, has been the average in Illinois of late years.

Commissioner O'CONNELL. Greater than it was formerly?

Mr. PEABODY. Oh, no; not in the number of days of work. Up to the time of the anthracite strike, I think the percentage of days was less, but I can not speak from the book.

Commissioner O'CONNELL. At the time of the anthracite coal strike did you have yearly contracts with the railroads to furnish coal?

Mr. PEABODY. If I had, I carried them out.

Commissioner O'CONNELL. Did you keep the contracts?

Mr. PEABODY. If I had, I carried them out. With some of the railroads I did not have contracts, however.

Commissioner O'CONNELL. And to those the price was raised?

Mr. PEABODY. To the limit that I could take from them—and with pleasure, too.

Commissioner O'CONNELL. In the nonunion days you speak of, before you came to an agreement, what was the standard of the miner's living as compared to the present time?

Mr. PEABODY. The standard of the work is very much better, and the standard of his living very much better. There has been a wonderful improvement, and I am very thankful of it, too.

Commissioner WEINSTOCK. How do the private habits of the mine workers to-day compare with the private habits of the mine workers of 1897?

Mr. PEABODY. From my knowledge of them—and I am with them a great deal; I have been building mining towns, etc.—the average is very much higher, I think. There is a very much higher class of men, although, as Mr. Mitchell said, the English-speaking and Anglo-Saxon element is diminishing very rapidly, and we are taking our miners from southern Italy and northern Italy, the Hungarians, and the Slavs, etc., a very large percentage of them. We are losing our old English and Welsh miners very largely.

Commissioner WEINSTOCK. There is a higher degree of sobriety now than there was?

Mr. PEABODY. I think so.

Commissioner WEINSTOCK. And also a higher grade of morality?

Mr. PEABODY. I think so. I think the whole standard of the miner has improved greatly. I have been very much interested with my friend Mitchell in going to miners' houses to see his picture hanging there rather enshrined. He is rather typical of a higher being. I am not joking in this. I am very serious. I am very fond of Mitchell, and I think his work and the work that has been done has elevated the whole standard of their lives. Mitchell is there more as an ideal than as a person. He has done wonders for the men socially and in every other kind of way. They are no longer beasts, as many of those miners were, but they are becoming intelligent, argumentative, distinct human beings.

Commissioner WEINSTOCK. Has not that been brought about also largely through the increased leisure that affords them opportunities for cultivating their minds?

Mr. PEABODY. I think that is very largely so.

Commissioner WEINSTOCK. The development of their work in the unions?

Mr. PEABODY. Yes. These debating societies and the unions are debating societies. Mr. Mitchell spoke of fewer accidents in union mines. You must bear in mind that a man has less chance of being hurt or having an accident in 8 hours than he does in 10. The majority of accidents come from the falling of slate or the falling of coal from the face. Our great trouble in preventing these accidents is lack of authority. We mark a place unsafe and a man will pay no attention to it. If he does not get hurt and we have not found that he did not get a timber up there, nothing is done. If he gets killed, we can not discharge him. The consequence is, in the last season, although we have spent more money in my own corporation in the prevention of accidents, we are having more accidents than we ever have had before.

Commissioner WEINSTOCK. How is that explained?

Mr. PEABODY. The only way I can explain it is there may be some luck or there may be some series of accidents coming together, as they sometimes do, that you can not account for. But I explain it in the lack of jurisdiction over the men to prevent them getting in the way of accidents. In other words, if we mark a room unsafe and say they must not go into it, and if they do go into it, we should have the right to discharge them, and there should be sufficient men watching them when they go in such places that their discharge would be brought about; and if they are seen going into those places they should be discharged, which would have a tendency to prevent it. But they will not allow us to do that. They will not allow us to put protection around them that should be put there for their lives. We say, we hope it is for humanity first, and second, the financial burden put upon us by the accidents.

Commissioner WEINSTOCK. Illinois is working under a compensation law?

Mr. PEABODY. Yes; and our company is under that act, and we carry our own insurance.

Commissioner WEINSTOCK. It is a voluntary system?

Mr. PEABODY. Yes; it is voluntary.

Commissioner WEINSTOCK. Does that tend to minimize the causes of industrial friction?

Mr. PEABODY. I think not at all.

Commissioner WEINSTOCK. You think not?

Mr. PEABODY. No. I think it is a very just act, but I do not think it does away with any causes of friction.

Commissioner WEINSTOCK. In the event of an accident, can you settle it now more speedily and with less friction and less heat than under the old employer's act?

Mr. PEABODY. There have not been any strikes on questions of that kind. Today the operator pays and the individual gets the compensation, and it is not taken by the lawyers. It is a very just, good method.

Commissioner WEINSTOCK. Under the old conditions, where the miners only got a fraction of what they were justly entitled to, the greater part of it going into the hands of the lawyers, it would frequently create bitterness and ill will?

Mr. PEABODY. It must necessarily have done so.

Commissioner WEINSTOCK. That is obviated now?

Mr. PEABODY. I think so, largely.

Commissioner O'CONNELL. You spoke of the miners having their strikes regardless of the contract being in existence?

Mr. PEABODY. Yes.

Commissioner O'CONNELL. Have the operators any weaknesses of that kind?

Mr. PEABODY. Undoubtedly, they have locked men out when they ought not to have done so, but they do not do it often.

Commissioner O'CONNELL. Then it has not been entirely one sided?

Mr. PEABODY. No; it has not been entirely one sided; there have been many instances where operators have improperly acted, but the majority of the cases are from the miners' standpoint. The operator does not dare to do it, the operator would have no jurisdiction over him if he does it. They have the jurisdiction, and if we are acting improperly in calling our mine out, they do it at once.

Commissioner O'CONNELL. Then you do not care to go back to the old conditions; you prefer to rest on the present contractual relations?

Mr. PEABODY. I prefer to rest on the present contractual relations, if they are based on sound economic theory to start with.

Commissioner O'CONNELL. If you own a mine within 20 miles of Chicago, and I own a mine 1,000 miles from Chicago, you think I ought not to have as reasonable conditions as you do?

Mr. PEABODY. I do not know why your miners' wages should be cut down to enable you to produce coal so cheaply that you can overcome by the cost of your production the difference in freight rate between the 50-mile haul and the 1,000-mile haul.

Commissioner O'CONNELL. You think that there should not be something human in there to protect me?

Mr. PEABODY. Not the slightest. You must go and find your market.

Commissioner O'CONNELL. And if I do not find it?

Mr. PEABODY. Then you should not exist.

Commissioner O'CONNELL. I suppose that is a very serious question between you; I do not see why it should not be.

Mr. PEABODY. The miners can move. There are not too many miners; they could move. We see continually all over the world abandoned cities and abandoned towns and abandoned neighborhoods. Political economy has taught us that that comes from the survival of the fittest. I mean by that the men that can produce cheapest and best must take the market first, and you can not artificially maintain any other condition and maintain it successfully.

Commissioner O'CONNELL. You think under the interstate rule of the long haul and short haul your position is correct?

Mr. PEABODY. Absolutely. The railroad should be paid for every mile that it hauls goods, and should be paid more the greater distance. I do not suppose we want to become involved in the terminal question, but that has largely to do with it.

Commissioner O'CONNELL. I do not care what I become involved in.

Mr. PEABODY. I know, but I am looking at my friend Delano, and I know he is a past master on that question.

Commissioner O'CONNELL. What about the cutting out of the middle man in the coal business, and delivering the coal direct from your mine to my house?

Mr. PEABODY. I think that is a question hardly involved in this.

Commissioner O'CONNELL. No; I think it is involved in this.

Mr. PEABODY. You can not do away with the distributor. We could not ship a carload of coal to your house. I would want to put it through some man's yard that could break up that carload and distribute part to your house and distribute part to some other man's house.

Commissioner O'CONNELL. But you can ship a carload over to my house.

Mr. PEABODY. If you could take a carload of coal; that is, if you were able to handle it when it came here.

Commissioner O'CONNELL. If I purchased the coal of you, would you deliver to me direct at the same rate you would furnish it to some one else, the same article under the same conditions?

Mr. PEABODY. There would be a good many conditions I would want to discuss with you before I answered that question.

Commissioner DELANO. One question: What effect has the existence of this agreement had on the retail selling price of coal, Chicago?

Mr. PEABODY. I do not quite understand that.

Commissioner DELANO. What effect has it had? How has the existence of this agreement between the operators and the union affected the general selling price of coal in the city of Chicago, at retail?

Mr. PEABODY. Well, our selling price has increased, but not as much as our costs have advanced, and they have increased, and necessarily the retail price has increased.

Commissioner DELANO. I judge from what you said about the improvement of the miners, do you ascribe any of that to the existence of the organization and the existence of the agreement that the organization has brought about? Have their moral standards improved, and their living standards improved?

Mr. PEABODY. I think it has had a great deal to do with the improvement, their officers, and talks and teachings of their officers, the fact that they were getting better wages; everything has added to that.

Commissioner DELANO. Did you hear the questions that were asked Mr. Mitchell this morning regarding the matter of technical education through vocational education of miners or miners' children?

Mr. PEABODY. Yes.

Commissioner DELANO. Do you think that education could be so reorganized as to be of benefit to the children of miners if they were going to be miners themselves later on?

Mr. PEABODY. No; I can not see where we could get the miners' children into technical schools and benefit them at their trade, but I think they could go into technical schools and into the public schools, as they are going, and benefit them greatly for their future life, but not for the particular trade of mining. I do not see where you could teach them anything; the question of gas and the question of all these things, such as the stratification of coal and the rock and the slate above the coal—I do not believe you could teach them those things; they have got to find that out from actual practical experience.

Commissioner DELANO. If we all conclude the same as evidently the two miners have concluded, then, there is no field for their training in the world, because if there is not a field there, there is not anywhere. I have been digging at this thing for some years.

Mr. PEABODY. Technical training in mining is the question you asked me?

Commissioner DELANO. Yes.

Mr. PEABODY. I think there is a field for technical training of the men who are superintendents and mine engineers, but I do not think for the miner himself, unless it be a general mechanical training that would benefit anybody.

The ACTING CHAIRMAN. Mrs. Harriman.

Commissioner HARRIMAN. No questions.

The ACTING CHAIRMAN. Mr. Peabody, I think both you and Mr. Mitchell seem to agree that for the good of both sides the employees and operators should be allowed to organize an association that might have some control over prices.

Mr. PEABODY. I think we both agree on that; yes.

The ACTING CHAIRMAN. And you feel that that would be quite important, say, in the Illinois field, to enable the operators to recover and to continue paying these wage scales that you agree on?

Mr. PEABODY. I think of more importance would be the changing of the base.

The ACTING CHAIRMAN. If you should change the base you would not need a combination of employers to fix prices, would you?

Mr. PEABODY. Yes.

The ACTING CHAIRMAN. Would not your southern mines be able to drive the others out of business?

Mr. PEABODY. Yes; but there are many southern mines.

The ACTING CHAIRMAN. Why should you need to go into combination, if the more superior mines are to be allowed to drive the inferior ones out?

Mr. PEABODY. Because there are so many of the superior mines.

The ACTING CHAIRMAN. And you would still permit them to combine?

Mr. PEABODY. I certainly should.

The ACTING CHAIRMAN. What would be the gain for either the miner or the public or the conservation of coal?

Mr. PEABODY. The stability of the industry.

The ACTING CHAIRMAN. How would that figure out on the conservation end?

Mr. PEABODY. It would not figure out on the conservation end, because the operator would still continue to mine as cheaply as he could. The conservation end would have to be figured out in combination with conservation laws, possibly, which the operator would have to obey. I believe such laws—governmental or State laws—should be passed as, for example, that not to exceed 10 per cent of the coal in the ground should be left in the ground.

The ACTING CHAIRMAN. By legislation?

Mr. PEABODY. By legislation; and if those laws were passed, then it would be entirely essential that the operator would have some method of securing a price for his coal that would compensate him?

The ACTING CHAIRMAN. I understand that your interpretation of the way the miners get at this is that they would want to protect the mine workers in the thin districts; their wages have been raised slightly, and in your district they have been raised three or four times?

Mr. PEABODY. Yes.

The ACTING CHAIRMAN. Would not the Government or the State try to regulate that by trying to protect these people?

Mr. PEABODY. I think they should not. I think they should say to these people, "Go to where the economy of production and quality of coal will be given to the public first." If they protect those people they have to allow the thick-vein man to get more money out of his coal. The basis should be the earning power of the man—of the laborer.

The ACTING CHAIRMAN. Your idea seems to be that a new equilibrium would be reached, that certain proportions of the thin veins would be abandoned and the labor would move to the thick vein?

Mr. PEABODY. Yes.

The ACTING CHAIRMAN. The thick-vein people would make more money; and the Government should regulate the price to a point where it would wipe out a certain proportion of the thin veins and maintain a certain proportion of the thick veins?

Mr. PEABODY. Yes; and I believe the market should go to a point, logically, where it can buy the best quality at the lowest price, and that the price should be sufficiently high to allow sufficient remuneration to labor to allow it to live comfortably.

The ACTING CHAIRMAN. You probably thought of an interstate trade commission?

Mr. PEABODY. I think very well of that.

The ACTING CHAIRMAN. And do you think that such a commission for the mining industry should have jurisdiction over wages—over a trade agreement?

Mr. PEABODY. I think you would have great difficulty in securing that jurisdiction. It would be a very admirable thing if some good father, whether it be the United States or the State, should take paternal jurisdiction of us in all these features, including guaranteeing us a profit.

The ACTING CHAIRMAN. You favor the guaranteeing of a profit, evidently?

Mr. PEABODY. Yes; and I think the others ought to go with it.

The ACTING CHAIRMAN. And also in being protected against the union? You want to be protected against the union?

Mr. PEABODY. No; they should protect one citizen against another citizen.

The ACTING CHAIRMAN. I understood you to take the ground that it was not right to determine these questions between you and a labor organization; that they simply have might?

Mr. PEABODY. I have stated that; and if they have the might, they have secured what they have got; if we should organize to double the same might, although we would not, we have not got it.

The ACTING CHAIRMAN. But if the State or the Government should help you in fixing a price combination you would not need the other?

Mr. PEABODY. We would not need the other.

The ACTING CHAIRMAN. I want to ask about the changing character of the miners. Before the union came in, were there many of these foreign-speaking miners, like the Italian and the Polish, and people of that kind?

Mr. PEABODY. Not as many. The English, Scotch, and Welsh predominated.

The ACTING CHAIRMAN. Can you explain why it is, then, that the miners' union, controlled by the English and Scotch, should import Italians and Polish people to take the place of English-speaking miners, and furnishing only Italians and Polish, as against the English speaking?

Mr. PEABODY. I think the ordinary English and Scotch and Welsh miners, seeing the manner in which they mine coal now, naturally refused to work in such a condition.

The ACTING CHAIRMAN. But apparently their wages have at least doubled?

Mr. PEABODY. That is true, but it does not require the skill of the old miner. The old miner was a craftsman, and a wonderful craftsman. He knew the geological conditions, the mining conditions, as none of us ever will know them. He saved them in some way.

The ACTING CHAIRMAN. He placed it more on the basis of pride in his work?

Mr. PEABODY. Oh, he had pride in his work. It is not an admirable craft; it is laborer's work. These craftsmen have gone into other work.

The ACTING CHAIRMAN. Have you had occasion to observe—I suppose you never have had occasion to observe the Italian and Polish people in the unorganized places, as to how they compare in discipline, and so on, where they are not organized.

Mr. PEABODY. Yes; I have been in unorganized, nonunion villages, where the standard seems to be lower than the same class of men that I find in our own districts—union districts.

The ACTING CHAIRMAN. Standardized to what?

Mr. PEABODY. The apparent cleanliness of living.

The ACTING CHAIRMAN. I spoke of the union's observance of discipline and the conducting of these occasional strikes—unorganized strikes. Have you had occasion to observe that?

Mr. PEABODY. No.

The ACTING CHAIRMAN. Then you would not know how the strikes of the unorganized Polish and Italians would compare with the present organized strikes?

Mr. PEABODY. No; I would not know how they compare with the organized strikes; I haven't had that experience.

The ACTING CHAIRMAN. Didn't you have, in your system in Illinois, Mr. Williams as an umpire? Where did his work come in?

Mr. PEABODY. Mr. Williams, of Streator? I think he arbitrated some questions.

The ACTING CHAIRMAN. I understood he was a standing arbitrator or umpire for disputes.

Mr. PEABODY. I do not know about that.

Commissioner DELANO. I think he had something to do with settling the Cherry mine disaster.

The ACTING CHAIRMAN. You have never had that?

Mr. PEABODY. No. I would like to suggest to your commission that I brought with me a number of instances, which I do not want to leave, but I will leave them with the Chair, which embraces all the agreements made in Illinois since 1897, together with volumes of debates between the miners on one side and the operators on the other, as to the reasons pro and con why these demands should not be granted. I think it would give you a great light, better than any witness could give you, of the manner in which our present trade agreement was brought about, and I should be only too glad to furnish such data for the commission if they desire it.

The ACTING CHAIRMAN. We would be very glad if you would.

Commissioner DELANO. I think it would be very valuable.

The ACTING CHAIRMAN. Our secretary will make a memorandum of that.

Mr. PEABODY. You will find all through the debates here that we were not debating the earning power of the men; the earning power of a man has nothing to do with it. You will find that all through these debates. It is simply competitive conditions.

The ACTING CHAIRMAN. The object there is to furnish every man a job?

Mr. PEABODY. Well, they could furnish them the jobs—

The ACTING CHAIRMAN. To give every man a job in the place where he is living?

Mr. PEABODY. That is the point; in the place where he lives.

The ACTING CHAIRMAN. That is evidently the object of the union, is it not? Would you not say that?

Mr. PEABODY. Yes; that is the object of the union.

Commissioner O'CONNELL. Do any of the miners own their own homes—that is, in the little towns?

Mr. PEABODY. Not many; but we are gradually beginning to build up.

Commissioner O'CONNELL. And if they had to leave, what would become of the homes?

Mr. PEABODY. The home would be abandoned; it would become valueless. But you will find to-day all over the States mining villages that have been abandoned. In a village in Ohio—we had a village there of about a hundred houses, and they are gone. Oh, of course, they are there.

Commissioner O'CONNELL. And that is so of your company?

Mr. PEABODY. Yes; in that case, but men would not build there. It would be as bad in my case.

Commissioner O'CONNELL. But the miners, if they have homes, they attempt to protect them by obtaining the work?

Mr. PEABODY. Yes; naturally.

Commissioner WEINSTOCK. What is the use of the owners entering into agreements with the workers? I mean, what is the good of making a contract if they will not keep it?

Mr. PEABODY. Well, a contract that is kept 80 per cent is better than no contract at all.

Commissioner WEINSTOCK. And there are about 20 per cent of slippages?

Mr. PEABODY. I do not think I could say that fairly. There were 187 cases in Illinois.

Commissioner WEINSTOCK. Strikes?

Mr. PEABODY. No; not strikes, but where they could not reach an agreement. I think they called 87 strikes on my company.

Commissioner WEINSTOCK. In violation of your contracts?

Mr. PEABODY. In violation of our contracts. So much so that in one case the executive officers of the miners' union notified the men that they must go to work, and they refused to go to work, and they finally had to revoke their charter. That mine was out nine weeks in that case, and in that case the executive officers of the miners did the best they could to live up to their contract with me, but they could not force the men to do it, and that has been repeatedly the case. Still in another case, I have a letter from Duncan McDonald, secretary of the United Mine Workers of Illinois, notifying me that unless I granted the demand which they were making, which is not in accordance with the contract, he would give notice that all the mines that I controlled in that district should be called out on a strike.

Commissioner WEINSTOCK. Despite your contract?

Mr. PEABODY. Yes. He was bluffing; he did not do it.

Commissioner WEINSTOCK. Is this tendency toward contract breaking increasing or diminishing, say, as compared with what it was 5 or 8 or 10 years ago?

Mr. PEABODY. I think it is increasing, and I think that is largely on account of miners' politics.

The ACTING CHAIRMAN. Mr. Thompson, have you any other questions?

Mr. THOMPSON. Yes; I have one more question; that comes back to this question of vocational training. Is there any provision to educate the young boys, say, from 14 to 18 years, who are working around the mine? And in that connection, this further question: If there is not, would it not be a good thing to have these young boys, these sons of foreigners, educated so that they can speak the English language, so that they can understand the institutions of this country, some general knowledge of mining, so as to make them not only better workers in the mines, but better citizens of the country.

Mr. PEABODY. I think that is being done.

Mr. THOMPSON. What has been done in that regard?

Mr. PEABODY. I think that the schools are developing all through these mining sections; I think that the additional money that the miners are earning is enabling them, instead of trying to get the boys to work in the mines—of course they are not allowed to work in the mines until they are 16, I think, in our State—I think the educational advantages they are all getting are really helping the next generation tremendously now.

The ACTING CHAIRMAN. Mr. Peabody, we are very thankful to you.

TESTIMONY OF MR. FRANK J. HAYES.

Mr. THOMPSON. Will you give your residence and occupation? I think you have already given your full name.

Mr. HAYES. Indianapolis, Ind., at this time; international vice president of the United Mine Workers of America.

Mr. THOMPSON. You have heard Mr. Peabody's testimony, have you not?

Mr. HAYES. Yes; parts of it.

Mr. THOMPSON. In reference to the effect of union rule enforced through the agreement on the economic operation of mining?

Mr. HAYES. Yes.

Mr. THOMPSON. That is to say, of definitely established periods so as to bring those working in the Illinois field, 75 per cent of the operators, on the very of bankruptcy?

Mr. HAYES. Yes.

Mr. THOMPSON. What have you to say in that regard?

Mr. HAYES. Well, I will say this, that there are too many mines and too many miners, as Mr. Peabody said, due to the anthracite strike. There was a great demand for coal, and a great many men went into the coal business, and the trouble the operators have over there is due to that excess of competition among themselves, and not to the miners' union.

I want to say further that the coal production of Illinois has increased more than 100 per cent in the past 10 years under this so-called union domination.

Mr. THOMPSON. Then in your opinion the contract agreement made between the union and the operators in Illinois has not been the cause of this insolvent condition?

Mr. HAYES. No, sir.

Mr. THOMPSON. If the operators in Illinois should wish to change that rule, do you think the union would oppose it?

Mr. HAYES. What particular rule do you refer to?

Mr. THOMPSON. The differential. Take these mines that have large veins and can be worked more economically than the thin-vein mine; if those operators should ask the union for a rate based on the earning power of the men, and that it should have nothing to do with the rates paid elsewhere, would the union agree to it?

Mr. HAYES. I think the rates now are based largely on the earning power of the men; we would not agree to a lower rate in these thin coal fields, because if we did the miners would be very poverty stricken, and they are pretty bad off the way it is.

Mr. THOMPSON. Mr. Peabody said that in no case, so far as they discussed it with the miners' union, is the earning power of the miner taken into consideration, but rather, the establishment of differentials, so that the owners of the various mines can operate those mines instead of having some of them close down.

Mr. HAYES. In making our wage scales we tried to give each operator a competitive rate. Now, we have different rates in different seams in Illinois.

In the coal fields like West Virginia we have a much lower rate than we have in Ohio or Indiana or Illinois. In making our rates we try to make them so that the coal operators can all compete upon an equitable basis, or as nearly so as possible. Of course, we have not attained any degree of perfection as yet on that, but it is the basis of our wage agreements.

Mr. THOMPSON. Mr. Peabody contends that as a result of that there is an artificial standard forced into the coal industry, and that as a result of that artificial standard 15 per cent of the operators in Illinois are in a condition of bankruptcy. Now, would the union be willing, say, to establish a State rate of wages—a uniform standard State rate—which would permit the operation, perhaps, of favorably located and easily worked veins and that would close down thin veins and veins which are distant from the demand centers?

Mr. HAYES. No; we could not make a rate that would destroy property or put any coal operator out of business, or that would put the men out of business in the mining town in which they lived.

Mr. THOMPSON. But Mr. Peabody says if a standard rate should be made—he did not name a standard rate, but that is the only way to take it—the miners who were working in these regions where the conditions are unfavorable and there are getting little pay would be able to come to the thickly veined and favorably located mines and there earn better wages and also have work to do.

Mr. HAYES. That is a mistaken impression, because these mines now are employing all the men that they can employ, so that it is absolutely impossible that the men on the thin veins could come down to the thick veins and find employment, because the thick veins have at present all the men they can employ; so that that is not practical; it is not possible; it is a theory and not a condition.

Mr. THOMPSON. Do you mean that none of the thick-vein mines which are now open in the thick-vein country could employ more men than they do to-day?

Mr. HAYES. I do not think they could.

Mr. THOMPSON. Did you hear what Mr. Peabody said with reference to the tunneling to the end of the coal field in any particular mine, and running their laterals from that tunnel, and if that method were pursued, which is not pursued to-day, would that then give place for more workers in the mines?

Mr. HAYES. I did not hear the statement that he made.

Mr. THOMPSON. He stated this, that to economically work a coal mine the main tunnel should be run to the end of the field in which the coal lay.

Mr. HAYES. To the boundary line?

Mr. THOMPSON. To the boundary line of the mine proper; and that then they could operate in the far end first, and let the ceiling fall and come right back, and it would eliminate certain mining operations, and he did not state what, but I presume timbering, and so on, and also that it would develop a larger field, in which more men could work.

Mr. HAYES. Well, that system is in vogue in some States, and I think it is done in some places in Illinois. It conserves the field supply and makes mining more economical where it is practiced. Of course, that is with the operator. The union has nothing to do with that. We could not tell him how he is to mine his coal. If the operator thought that would be the best system, there is, of course, nothing to prevent them from adopting that at the present time. The union does not prevent them from adopting any system of mining that they want to adopt, as long as it does not reduce the earning power of the miner.

Mr. THOMPSON. Yes; but if you say that the objection to the making of a State standard rate of wage would be that the thick-vein mines are now using all the help that they can, this other method would perhaps permit you to use more men, and then you could abandon this method which you now have of differentials which permits a thin vein to be worked and the miner to receive a low rate of wages.

Mr. HAYES. I do not think it would require any more men for that particular work that he mentions. It might require a few more, but not many.

Mr. THOMPSON. What have you to say with reference to Mr. Peabody's statement that notwithstanding the trade agreements, strikes are called, and that they are very numerous in the Illinois fields? What answer have you to give to that statement?

Mr. HAYES. The operators violate their contracts a great deal, forcing the employees, oftentimes, to strike. That contract is just as obligatory upon the

coal operator as it is upon the coal miner, and the blame, I should say, from my experience, and I am an Illinois miner and have worked in the mines in Illinois, is generally as much on the operator as it is on the coal miner. That is, the operator agrees in the contract to do certain things. He does not do them. He violates the contract. The miner, after exhausting all the provisions laid down by the joint agreement and not getting redress, goes on strike, and the responsibility is largely on the operator.

Mr. THOMPSON. I understand from Mr. Peabody's statement, and I think it was so intended, that these strikes were not called after the provisions of the agreement for mediation and conciliation were exhausted, in which case the strike, of course, would be in violation of the agreement, but before the machinery for settling the disputes had been put in operation.

Mr. HAYES. I want to say that in the Illinois contract we have a provision fining the miners for a violation of contract. We fine them \$5, and we collect the fines. We have collected thousands of dollars worth of fines from coal miners. We enforce the system, and unless the miner carries out the contract we fine him, or expel him in some cases, if he is particularly obnoxious.

Mr. THOMPSON. Mr. Hayes, what is the extent of the union organization in the coal-mining field? Take, for instance, the bituminous fields?

Mr. HAYES. Well, we have about 300,000 bituminous coal miners, and about 100,000 anthracite coal miners organized.

Mr. THOMPSON. In the bituminous fields, what States, generally, does that cover?

Mr. HAYES. We have a 100 per cent organization, you might say, in Illinois, Indiana and Ohio, Michigan, Iowa, Missouri, Kansas, Arkansas, Oklahoma, Wyoming, Montana, and Washington. In those States every miner is a member of our organization. But in other States, like Pennsylvania and West Virginia, Tennessee and Alabama, and Kentucky and Colorado they are only partly organized.

Mr. THOMPSON. In your opinion how many unorganized miners are there?

Mr. HAYES. About 350,000, I should say.

Mr. THOMPSON. Where are they principally located?

Mr. HAYES. In Pennsylvania, the central portion; in the Irwin fields and the Connellsville fields, in Pennsylvania; in Maryland, West Virginia, Virginia, Kentucky, Tennessee, Alabama, and Colorado, and New Mexico, and Utah.

Mr. THOMPSON. What is the difference, if you know, in the wages and hours of work and general working conditions of the organized miners working under trade agreements and the unorganized miners?

Mr. HAYES. The organized miners' condition is much superior. The wages are much higher, the hours of labor are shorter, mining conditions are better, life is safer, environments are better, moral standards are higher, and educational standards also.

Mr. THOMPSON. Take some specific field of nonunion mining, say West Virginia. Do you know what the difference there is between those people there, with respect to these conditions, definitely?

Mr. HAYES. Approximately.

Mr. THOMPSON. What is approximately the difference in wages and hours?

Mr. HAYES. I have not any West Virginia contract with me. Let me see; I should say that the union prices are about 100 per cent higher than the prices that obtain in West Virginia. The hours of labor are all the way from one to two less than they are in West Virginia—in the organized territory.

Mr. THOMPSON. What has been the difficulty in organizing the Connellsville coke district and the western Pennsylvania district, if you know?

Mr. HAYES. The difficulty has been due to the murderous system employed by the operators in that field. That is, they employ a large army of gunmen, better known as guards, who make life very unsafe for any union organizer that goes into that field. Not only that, but they dominate the political life of those counties, and it is impossible for us to successfully organize the men, in view of that opposition. The men themselves want to join, want to belong, want to be members of the miners' organization, but they are afraid of those influences, and will not stand up. They are not free; they are not free men; they are not free Americans; they are slaves.

Mr. THOMPSON. Did you hear what Mr. Peabody had to say with reference to the organization of some form of arbitration body, an arbitration board, of which there should be an umpire?

Mr. HAYES. I did not hear that. I arrived rather late.

Mr. THOMPSON. Mr. Peabody said that he thought that the establishment of a board of arbitration with an umpire would be a great aid in settling the questions and disputes which arise in the mining fields of Illinois. That does not exist to-day. What have you to say with regard to that?

Mr. HAYES. It all depends upon who the umpire is.

Mr. THOMPSON. Well, generally?

Mr. HAYES. Our organization is committed to arbitration and conciliation—mediation—so that, of course, our view would be determined by the arbitration outlined, or the system of arbitration that would be used. We do not fear, and never have feared, to present our case to any body of fair-minded men, or to any fair-minded man. We have arbitrated a great many of our difficulties. President Mitchell arbitrated the anthracite strike, and we have offered arbitration in other strikes, but it was refused by the operators. We have offered arbitration in the Colorado strike, in which I have been engaged for the last five months, and it has been refused there; so that there is more responsibility resting upon the coal operators in their disputes with the coal miners than there is upon the miners.

Mr. THOMPSON. What would you say as to a board of arbitration in the Illinois field, as Mr. Peabody suggested; a permanent board, which would take up questions arising under the contract and decide them?

Mr. HAYES. As I said a while ago, it would all depend on the system of the arbitration.

Mr. THOMPSON. Take a system where you have an umpire and an equal number representing each side, and then the third man or the fifth man, whichever it might be, from outside to decide the issue in case the two sides could not get together.

Mr. HAYES. Personally, I would have no objection to a system of that kind.

Mr. THOMPSON. Would such a system be favored, do you think, by the body of the miners in the State of Illinois?

Mr. HAYES. That would depend largely on the arbitration board selected and the system employed in taking up the cases and disposing of the cases.

Mr. THOMPSON. Of course, assuming that the board had an odd man on it, and assuming that the board would be more like a committee on immediate action, it would deal with cases almost as soon as they would arise, and deal with them without delay.

Mr. HAYES. That would obviate one more objection to arbitration; that is, it would give prompt action. If we could have a quick method of disposing of disputes, it would be preferable to the old custom, in which there was so much delay. However, in the southwestern district, composed of Missouri, Kansas, and Oklahoma, the miners and operators generally agree upon a permanent arbitrator and jointly pay this arbitrator; and there strikes are eliminated, in those three States. This arbitrator is supreme.

Mr. THOMPSON. You say strikes are eliminated?

Mr. HAYES. In those three southwestern district States; they are supposed to be eliminated. Of course, once in a while the processes of the contracts are not gone through with, sometimes by the miners and sometimes by the operators, and strikes have occurred even under that system, but I would say that they are almost entirely eliminated.

Mr. THOMPSON. It has been an advantage, has it not?

Mr. HAYES. Yes.

Mr. THOMPSON. Why has not that system been introduced in the State of Illinois?

Mr. HAYES. I could not say. I do not know that the operators are so anxious for arbitration as they appear to be. There are many things over there that I think, if they were arbitrated, they might not secure all that they think they are entitled to.

Mr. THOMPSON. In your opinion, from your knowledge of the effects of that principle working in the Southwest, you would be in favor of it, I take it?

Mr. HAYES. Yes; I am in favor of the principle.

Mr. THOMPSON. And you think that the miners of Illinois would be in favor of it, too, changing from the present system?

Mr. HAYES. Yes; they have attempted it on numerous occasions rather than strike, so that it is nothing new, except the working out of a fair system.

Mr. THOMPSON. You know of no reason why it has not been established permanently there, as it has in the Southwest, do you?

Mr. HAYES. No; neither side has taken it very seriously. That is the reason why, I suppose. It has not been made an issue.

Mr. THOMPSON. That is all that I wish to ask, Mr. Chairman.

Commissioner WEINSTOCK. Has socialism and the I. W. W. established very much of a hold in the miners' union?

Mr. HAYES. Well, socialism is quite strong among the miners.

Commissioner WEINSTOCK. Has it the dominating influence in the union?

Mr. HAYES. I do not think it has. I think that the Socialists, Democrats, Republicans, and Progressives all view the industrial problem—that is, so far as taking up their disputes and fighting for better wages and better conditions is concerned—about the same; that is, they do not bring their politics into the trade-union matters and the general conferences with the operators.

Commissioner WEINSTOCK. I was under the impression that the Socialists primarily joined the unions to get control of them and to have their doctrines prevail in unionism.

Mr. HAYES. No.

Commissioner WEINSTOCK. Now, is that information correct?

Mr. HAYES. No; I think that impression is wrong.

Commissioner WEINSTOCK. Is it or is it not the fact, from what you may know of socialism, that socialism is not in favor of arbitration?

Mr. HAYES. Socialism is a future state of society—a state of society, it is supposed to be. Of course, the philosophy of the Socialists is that they are entitled to the full social value of their toil.

Commissioner WEINSTOCK. Yes.

Mr. HAYES. That they can not arbitrate anything that would mean less than their securing that full value of their toil. The Socialists, quite a number of them, are broad minded enough to understand this competitive system well enough to know that we are not in socialism now, and we have to meet a condition, and the Socialists in the miners' union are trying to meet that condition as best they can. They are not a disturbing factor and do not interfere with the working out of trade agreements.

Commissioner WEINSTOCK. How about the I. W. W.? Are there many of those in your miners' organization?

Mr. HAYES. No; the I. W. W. is rather an unknown quantity among the coal miners. In fact, we do not let them propagate their doctrines; at least, we try to prevent their ideas from becoming accepted by our people.

Commissioner WEINSTOCK. The I. W. W., as I gather, are absolutely opposed to arbitration, are they not?

Mr. HAYES. Yes; they are opposed to arbitration. There is nothing constructive about their philosophy; it is all destructive.

Commissioner WEINSTOCK. You were saying a little while ago, Mr. Hayes, that the miners' union disciplined its members and penalized those who violated the contract under which the union might be operating.

Mr. HAYES. Yes.

Commissioner WEINSTOCK. It penalizes them by a money fine of \$5, I gather?

Mr. HAYES. Yes; \$5, I think they fine a man now.

Commissioner WEINSTOCK. What means has the union of enforcing payment?

Mr. HAYES. Well, we collect it like we collect the dues.

Commissioner WEINSTOCK. It is charged up to their account?

Mr. HAYES. Yes.

Commissioner WEINSTOCK. But if they do not pay it?

Mr. HAYES. If they do not pay it we refuse to work with them.

Commissioner WEINSTOCK. And they practically ostracize themselves, automatically?

Mr. HAYES. We refuse to work with them unless they pay all fines and dues and assessments.

Commissioner WEINSTOCK. Let me see if I understand your procedure. When an employer, from the viewpoint of the union, does not comply with the provisions of the agreement what is the first thing that is done on the part of the union in that matter?

Mr. HAYES. Say a dispute arises around the mine. I will trace the case up. The pit committee and the mine bosses gather to adjust it. If they fail to adjust it it is then taken up by the district officials and the superintendent or owner of the company. Then, if they fail to adjust it is generally referred to a joint executive board meeting of the two associations, the coal operators' union and the coal miners' union, and in the joint executive session the dispute is thrashed out, and oftentimes in these joint conferences, when the dispute has gone that far, they decide to leave the case to some outsider to decide it by arbitration; or, if the miners think their case is one which can not be left to

arbitration—that is, that a fundamental is involved—under the contract they have a right to serve notice of independent action upon the operators, which means a strike. That is the system; that is the policy in settling our disputes.

Commissioner WEINSTOCK. I gathered from the testimony that was submitted here from others—I have gotten the notion, right or wrong, that despite the existence of a contract the unions would quit at the drop of the hat, without going through all this process.

Mr. HAYES. No; there are very few cases I ever heard of like that, and I was secretary and treasurer of the Illinois State miners for a period of years.

Commissioner WEINSTOCK. In other words, then, the strike is the last resort?

Mr. HAYES. Yes.

Commissioner WEINSTOCK. Not the first resort?

Mr. HAYES. It is always the last resort.

Commissioner WEINSTOCK. It is only resorted to when all other means have been exhausted?

Mr. HAYES. When all other means fail—all peaceful means.

Commissioner WEINSTOCK. That is all, Mr. Chairman.

Commissioner BALLARD. I was going to ask you about this arrangement of fixing the wages in different lines in Illinois. Does that same condition obtain in the southwestern mines, in Oklahoma and Kansas and that territory; and do they do the same there, or are the wages of the miners uniform?

Mr. HAYES. It depends largely on the coal seam, the distance from the market, and the earning power of the mine.

Commissioner BALLARD. It is the same as in Illinois, then?

Mr. HAYES. Yes; it is practically the same; in some places higher, due to the thinness of the veins. There are some veins down in Kansas where the miners are paid \$1.05 and \$1.15 a ton, but they can not dig more than about 2 tons a day. The operator can not pay a higher rate there.

Commissioner BALLARD. That is a different basis from that in Illinois, because where the vein is thick the miner would make \$5 or \$6 a day, and where the vein is thin he would make only \$2?

Mr. HAYES. Yes; and yet the operator pays more to him for a ton of coal and yet the miner does not make as much wages.

Commissioner BALLARD. That condition in Illinois, then, is the same as in other places?

Mr. HAYES. Yes. There never was, and never will be, uniformity in the coal-mining industry. There can not be. The veins are irregular, conditions are not the same in any mine. There is always some difference. So that uniformity that the operators talk about is a physical impossibility.

Commissioner BALLARD. You speak of sometimes there being some injustice to the labor union, and sometimes there would be a strike where there should not have been. Does either side ever attempt to arrive at the amount of injustice and make it up to the other side in money value?

Mr. HAYES. Yes.

Commissioner BALLARD. For instance, if you fine that man, do you pay that fine to the operators?

Mr. HAYES. Half to the operators' union and half to the miners' union. I understand that when these strikes occur the association helps the company against which we are striking. I might say further that I would like to mention one case here to show the value of trade agreements and the discipline we have. Out in Oklahoma a few years ago a coal company violated the trade agreement and shut down the mine for a month or two—I can not recall the exact time. Anyway, they were fined an amount approximating \$11,000. I think they were fined \$100 for every day they were idle. They paid into the association that \$11,000 fine. They were fined under the joint agreement. Both sides were fined. We try to make the operators live up to their contracts as well as the miners, and regardless of what they say they are as bad in the matter of violating contracts as the coal miners.

Commissioner BALLARD. Is there any limitation in the matter of apprentices in the organization?

Mr. HAYES. No.

Commissioner BALLARD. Each miner does as much as he can in eight hours?

Mr. HAYES. Yes; and the apprentice gets as much as the miner; that is, the man that is learning the trade or work in the place with the miner. Of course, the apprentice does all the heavy work. The skilled miner sees that he does the hard work while he does the directing. That is what he pays for his apprenticeship; but he shares in the earnings equally with the skilled miner.

Commissioner O'CONNELL. He is simply an assistant laborer?

Mr. HAYES. Yes.

Commissioner O'CONNELL. There are no recognized apprentices under the contract?

Mr. HAYES. No. Of course, I think there is an assistant laborer in it, but the miner is a skilled man, and this other man is merely learning the trade.

Commissioner O'CONNELL. In this question which Mr. Peabody was raising about closing down the nonpaying mines, he suggests it is one of the methods that the mine owners have for protecting the property, but it is an absolute destruction for the miner, and there should be some other and different method for arriving at a conclusion of that matter, should there not?

Mr. HAYES. Yes; of course.

Commissioner O'CONNELL. Is not that one of the reasons that is taken into consideration in the way of purchase of the property of the individual members of the organization in permitting them to go from one mine to another?

Mr. HAYES. I am surprised Mr. Peabody would advance that sort of philosophy here. I do not understand it at all. In the first place, it is impossible.

Commissioner O'CONNELL. The total loss of earnings and savings to the miners would be destroyed by carrying out that principle?

Mr. HAYES. Their homes and the towns would be destroyed. The operators operating in these little seams want to live just as well as the operators in the large seams. This competitive game is a very brutal game at best. I have my own opinion about it. As long as it exists, you will find these inequalities.

Commissioner O'CONNELL. That is all.

Commissioner LENNON. Do you find, Brother Hayes, there is any considerable degree of industrial unrest among the miners?

Mr. HAYES. Yes; considerable.

Commissioner LENNON. To what cause do you think it can be properly ascribed?

Mr. HAYES. Universal desire for better life; more of the things that labor creates.

Commissioner LENNON. You think the unrest is born of the natural desire of the men for better opportunities in life and better conditions in life?

Mr. HAYES. Yes.

Commissioner LENNON. There is nothing special as regards the miners, differing from the clothing worker or workers in other trades, is there?

Mr. HAYES. I would say this, that the miner of to-day is reading more than the miner of yesterday. The young English-speaking miner of to-day is better educated than the miner of 20 or 30 years ago. It is largely due to this union. Due to our union, we will not allow boys to go into the mines until they have attained the age of 16 years. I had to go into coal mines when I was 13 years old, in Illinois, largely due to the fact that we had no organization and no laws to protect us. When the union became strong we succeeded in improving the lot of the miner in many ways, and especially in protecting the boy and keeping him out of the mines.

Commissioner LENNON. Mr. Hayes, what spirit seems to be growing most strongly among the miners as to the cure for this unrest? Is it a spirit of desire to destroy things or is it a spirit of intent to build up? Is the anarchistic spirit—as that word is generally used, and not in its philosophic sense—increasing as to this unrest?

Mr. HAYES. No.

Commissioner LENNON. He has much ambition for better things, has he?

Mr. HAYES. I would say it is ambition for better things. It is the ideal; it is a new vision that the labor movement has brought to the miner of to-day that he did not have to such a large degree 20 or 30 years ago. It is due to the change in our conditions. It is due to the evolution of the race.

Commissioner LENNON. I do not believe I care to ask anything further.

The ACTING CHAIRMAN. Mr. Hayes, can you give us now, or possibly later, the cases of what you mentioned of payments being made to the employer from the guaranty fund? Can you give us instances where that occurred?

Mr. HAYES. Yes; lots of them. Of course, I could not give you the names.

The ACTING CHAIRMAN. You can furnish that information from your office?

Mr. HAYES. Yes; I can furnish it from my office.

The ACTING CHAIRMAN. Are you acquainted with the anthracite field? Have you been detailed to work in there?

Mr. HAYES. No.

The ACTING CHAIRMAN. You are not familiar with that?

Mr. HAYES. No; Mr. Mitchell has been in there very much more than I have, and very much more, I think, than any other member of our commission.

The ACTING CHAIRMAN. Mrs. Harriman wants to ask a question.

Commissioner HARRIMAN. I want to ask if the different nationalities work together?

Mr. HAYES. Fairly well.

Commissioner HARRIMAN. Is there much segregation of nationalities as there is in the New England cotton industries, for instance, at Lawrence?

Mr. HAYES. No. They mingle together quite freely.

Commissioner HARRIMAN. They do?

Mr. HAYES. Yes. I have been in Colorado all year, and I would just mention one instance about nationalities getting together. In one of our tent cities out there we have 25 nationalities. There is a big strike there that has been on for a number of months. There are 25 nationalities there, and we have not had one single disturbance of the peace in a strike that was begun last September. They get along very nicely and very friendly. Of course, that might be due to the fact that there is a strike on where they forget their racial prejudices. But, on the whole, I think they get along very nicely; they amalgamate well.

The ACTING CHAIRMAN. That seems to be all, Mr. Hayes; thank you very much.

TESTIMONY OF MR. O. P. BRIGGS.

Mr. THOMPSON. Mr. Briggs, will you give us your full name and address and your connection with the National Founders' Association?

Mr. BRIGGS. My name is O. P. Briggs. I live at Minneapolis. For two years I was commissioner of the National Founders' Association, one year vice president, and seven years president. My term of office expired November last.

Mr. THOMPSON. I understand in 1899 the National Founders' Association made an agreement, called the New York agreement, with the union.

Mr. BRIGGS. They did.

Mr. THOMPSON. Tell us what was the history of that agreement and when it was terminated and why.

Mr. BRIGGS. That agreement was the outcome of about a year and a half or two years' effort on behalf of the foundrymen of this country, numbering about 500 shops, in an effort to purchase molders' labor in a collective capacity. A small number of men got together first. I think it was about a year and a half after they had exchanged ideas in regard to this labor problem informally that they received an invitation from the iron molders' union for a joint conference, which they granted very readily indeed. Every member of this founders' association at that time was imbued with the idea that they should meet these workmen, either individually or collectively, as the workmen saw fit themselves to elect, and make a good, strong, vigorous, honest effort to meet them on the ground of collective bargaining, which really was what that union at that time desired very much, as they presented it to the employers from time to time. This year and a half was just prior to 1899, as you have stated, Mr. Thompson; and in February, I think, of that year this New York agreement, to which you referred, was consummated.

Perhaps, as a matter of record here, if you would like it, I had better submit a copy of that agreement. If you desire that I go into this agreement to some extent, I think perhaps I had better read it. There are several salient points in it. It reads as follows:

"NEW YORK AGREEMENT, IN FORCE AND RULING BETWEEN THE IRON MOLDERS' UNION OF NORTH AMERICA AND THE NATIONAL FOUNDERS' ASSOCIATION, CONFERENCE 1899.

"Whereas the past experience of the members of the National Founders' Association and the Iron Molders' Union of North America justifies them in the opinion that any arrangement entered into that will conduce to the greater harmony of their relations as employers and employees will be to their mutual advantage: Therefore be it

"Resolved, That this committee of conference indorse the principle of arbitration in the settlement of trade disputes and recommend the same for adoption by the members of the National Founders' Association and the Iron Molders' Union of North America on the following lines:

"That in the event of a dispute arising between members of the respective organizations a reasonable effort shall be made by the parties directly at interest to effect a satisfactory adjustment of the difficulty, failing to do which either party shall have the right to ask its reference to a committee of arbitration, which shall consist of the presidents of the National Founders' Association and the Iron Molders' Union of North America, or their representatives, and two other representatives from each association appointed by the respective presidents.

"The finding of this committee of arbitration by a majority vote shall be considered final in so far as the future action of the respective organizations is concerned.

"Pending adjudication by the committee on arbitration there shall be no cessation of work at the instance of either party to the dispute.

"The committee of arbitration shall meet within two weeks after reference of the dispute to them."

In discussing this agreement I will call your attention to two very salient points.

Commissioner WEINSTOCK. What was the date of that agreement?

Mr. BRIGGS. February, 1899. The agreement was enforced, if you would like this record now, until about November 15, 1904, when it was abrogated, and at the time the convention of foundrymen abrogated it they gave the molders' union 30 days' notice that they did not care to be bound by its provisions further, and it was abrogated, and they so notified us.

The two points to which I wish to direct your attention in regard to that agreement now—and I sincerely hope you will keep them before you if you feel this is worth following—are, first, that while the word "arbitration" is used in this agreement, in the strict sense of that word it is a misnomer. It is not an arbitration. It is a means of conciliation.

Point No. 2. It is provided in this agreement that not over two weeks shall elapse before the representatives of the molders and the representatives of the proprietors shall get together. I think the members of the iron molders' union and the members of the founders' association brought forth when that agreement was made that it was not perfect, but that in all probability it might possibly serve its purpose in bringing representatives of the two associations together in an effort at conciliation. We all hoped it would be a step in that direction, out of which we might possibly evolve something that would bring about a definite and distinct and complete understanding as to what should prevail in the relations between the members of the founders' association and their employees, the molders. A vigorous effort was made to proceed under that agreement. From the time the association was organized until its abrogation there were about seven years elapsed, and during that time I dare say there was no better body of men ever gotten together than the body of men who composed this founders' association, numbering in that time, I think, about 500, though they may possibly run as high as 560 shops now. In effort to evolve something from this agreement there were held at least 2,500 conferences, safely calculated, either national as committees directly from the founders' association meeting committees directly from the molders' association, or local committees from the founders meeting members of the iron molders' union, and always directed and controlled by the national.

It was my pleasure, I will say—because I rather enjoyed it—and my duty to sit in at least 150 of those committees. When we first started out with this agreement for a little while I thought all of us rather felt we might accomplish something by it, that an exchange of ideas between us was helpful, that we saw things in a little different light, that both were benefited thereby. But after a while that condition changed, and instead of it being a means to promote industrial peace it proved a means of serious conflict. During the period of its existence I think there were at the least calculation 150 shops struck. We would exhaust every means at our command to agree by virtue of this conciliation, and then we would deadlock. Beyond that we could not go. This condition became so strained, the foundrymen feeling that at the expiration of about three or four years of this attempt that we were making no progress, that we decided to take some definite action. When I became an officer of the association, which by the way was in 1903, my directions from the council were to use every effort in the world that was at all consistent with business conditions to arrive at some method of settling these difficulties. We had had two many of them. We had become tired of chasing each other around the country holding conferences by virtue of that agreement. They urged that

wherever I had an opportunity to do so I should request and urge to the best of my ability that we bring in the odd party and arbitrate.

It might be interesting to this commission to perhaps a little later on detail some of the efforts which I made to get an arbitration. But in every case, without one single exception, the iron molders' union, international or local, refused arbitration, refused to bring in the odd party. I believe the president of the iron molders' union now sitting in this room will bear me out in that statement. They would not arbitrate, for reasons, of course, which they thought were proper; there is no doubt about that.

This thing ran along until we became so tired of it and it was so apparent beyond peradventure that there was nothing to be gained by this conciliation effort, that in November, 1904, we abrogated this agreement.

But prior to that abrogation and during the period of its existence there were standing committees appointed to consider a permanent agreement which would cover all of the many little differences which we had and which we could not settle. That committee met many times. The last committee consisted of two men from the molders' union and two men from our association, who had been very instrumental in bringing about these joint conciliatory meetings, and had been very prominent in them. They undertook, as a subcommittee, to frame up an agreement which could be national in character, which should cover as many of the points which we had been discussing by reason of this committee around the country. The committees finally agreed to what should be covered in a national joint agreement, first, to cover machinery and jobbing foundries. The members of the founders' association, by way of its council, approved the actions of that committee. The committee of molders, for some reason which we do not know, of course, were not able to get its approval, and the agreement never went into effect. The last conference that was held to attempt to secure this joint agreement, national in its character, covering all the points of dissension between the two bodies, was held in Detroit in the spring of 1904. It lasted four days and four nights. I think we had eight members of the Founders' Association there, various employers of laborers, and those who represented smaller foundries. We had also there an equal number from the iron molders' union as delegates, and also 28 business delegates of that union. As I have just said, we devoted four days and four nights to an effort to arrive at an agreement, but after spending the two days of it we referred it to a subcommittee. That subcommittee devoted nearly two days more to it and reported they could not agree.

It seemed to our people at that time that they had gone about far enough in this effort to conciliate. Arbitration had failed. It could not secure the things which we felt were our rights without a conflict; so at that time they adopted an outline of policy. That outline of policy was guided almost entirely by the provisions of the joint agreement which the two parties had attempted to secure.

If you please, I would like to refer to two provisions of this association. I will endeavor to boil it down as short as possible. This is the constitution and by-laws, and the purposes of this association are described in these two paragraphs:

"The objects of the association are, first, the adoption of a uniform basis for just and equitable dealings between the members and their employers, whereby the interests of both will be properly protected.

"Second, the investigation and adjustment by the proper officers of the association of any question arising between members and their employees."

That, gentlemen, was the object of this association as originally drafted by the first committee designated for that purpose. It has never been changed.

The outline of policy of the association was changed somewhat at the conclusion of the failure of these joint committee to arrive at a standard national form of agreement; first, it refers to those points of difference between the iron molders and the National Founders' Association. These are things upon which we disagreed, and the language that I will now read to you, covering the things we could not agree on is very largely the language of the contract which the committees formally agreed to.

The first item is "Limitation of output."

The second item is "Limitation of man's earning capacity."

The third item is "Fines and restrictions."

The fourth is "Method of employment."

The fifth is "Freedom of employment."

The sixth is "Relation of employees."

The next is "Apprentices."

The next is "Appliances."

The next is "Strikes and lockouts," and the next is "Arbitration."

The last reads as follows:

"The above principles being absolutely essential to the successful conduct of our business, they are not subject to arbitration. In case of disagreement concerning matters not covered by the foregoing announcement, we advise our members to meet their employees either individually or collectively, and endeavor to adjust the difficulty on a fair and equitable basis."

The next is "Method of arbitration."

"In case of inability to reach a satisfactory adjustment we recommend that the question be submitted to a board of arbitration consisting of two of the employees and two persons engaged in the management of the firm or corporation involved, and in case they fail to reach a satisfactory agreement within seven working days, a fifth member shall be chosen by the four, and a majority report of the board so constituted shall be final and binding."

In order to receive the benefits of arbitration the employees, or employee must continue in the service and under the orders of the employer pending a conference and decision.

In case any member refuses to comply with this recommendation within thirty days after the dispute arises, he shall be denied the support of this association, unless it shall approve the action of said member."

The next is "Wages," as follows:

"Employers shall be free to employ foundry operators at such wages as may be mutually agreed upon, said rate to be governed by local or shop conditions:

"The operation of piece work, premium plan of contract system now in force or to be extended or established in the future, this association will not countenance any conditions of wages which are not just or which will not allow a workman of average efficiency to earn at least a fair wage."

You understand from that that this question of wages and the hours of labor are the two things which we attempted to get arbitration on. There is nothing of such vital interest to a workingman as his wage scale; that outweighs all others to him by 90 to 1; the question of wages outweighs the entire list of grievances that these men sometimes place before us.

Now in order for this association to again commit itself to arbitration, they passed this resolution:

Whereas it has become necessary to withdraw from the positions of the New York agreement for the reasons announced in the declaration adopted by this convention, and

Whereas the outline of policy adopted by this convention provides means for the settlement of difficulties which may arise between our members and their employees upon subjects other than those which we believe and have announced as indisputable,

Be it resolved, That we hereby announce our continued beliefs in the principle of arbitration and our disapproval of strikes or lockouts, and instruct our officers and administrative council to favor arbitration with our employees, either singly or collectively, whenever and wherever it will enable them to establish and maintain just and equitable relations between our members and their employees."

Commissioner DELANO. What was the clause about limitation of output? Will you read that?

Mr. BRIGGS. I will read the whole thing if you like it.

Commissioner DELANO. No. I don't want that, but I would like to have that paragraph read.

Mr. BRIGGS (reading): "The limitation of output: Arbitrary limitations of output on the part of the molders or arbitrary demands for an excessive amount of output by the molders on the part of the foundrymen, being contrary to the spirit of equity which would govern the relationship of employer and employee, all attempts in that direction by either party—the molder or foundryman, are to be viewed with disfavor and will not receive the sanction of this association."

Commissioner WEINSTOCK. That is in the nature of an agreement.

Mr. BRIGGS. That is the constitution and outline of policy of the founders' association?

Commissioner WEINSTOCK. Does it not bind the union at all?

Mr. BRIGGS. Not at all.

Mr. THOMPSON. Will you file that with the commission?

Mr. BRIGGS. Yes.

(The document from which Mr. Briggs read the foregoing extracts was filed with the commission and marked "Briggs's Exhibit 1.")

(Here, in response to numerous requests on the part of the commission, several copies of Briggs's Exhibit No. 1 were distributed to the members of the commission.)

(Briggs Exhibit No. 1, "Constitution and By-Laws of the National Founders' Association, Detroit, October, 1911," was submitted in printed form.)

Mr. BRIGGS. There is a statement I would like to make here now, Mr. Chairman, if the commission please, and that is that you can not overestimate the effort that we put forth in an attempt to secure arbitration, just at the time that we realized that our attempt at conciliation was a total failure, we intensified that effort and offered to arbitrate anything and everything to avoid a strike. In fact, in the language of one gentleman who sat on the committee, he said: "I will arbitrate with you the moving of a slop bucket from one end of this shop to the other; we don't want a strike; we want to avoid that," but we were turned down absolutely.

Mr. THOMPSON. In reference to your attempt to get together with the molders' union, what were the main points of difference which developed between you?

Mr. BRIGGS. I will endeavor to state those in the language of the president of the Iron molders' union himself, the apprentices first. I think it is conceded by members of this commission here that the difficulty in regard to apprentices outweighs all others put together; then the molding machines, there was opposition to those; the limitation of output, the different wage rates, limitations of output, and limitations upon a man's earning capacity, and, last but not least, the question of the open shop.

Mr. THOMPSON. Was there any consideration of the question, so far as wages were concerned, of a national rate?

Mr. BRIGGS. Much consideration of it; it was discussed at these conciliation meetings to the very greatest extent.

Mr. THOMPSON. What was the attitude of the union in that regard and the attitude of your association?

Mr. BRIGGS. Well, answering that in general terms—and I will attempt to answer it specifically if you would like to have me do that—there never was a conference but that if other difficulties had been removed we would have agreed upon a wage rate. I do not think there is one chance in a thousand but that if those conditions which I have referred to here which we wanted, and which we believed are legal, right, and just, and every employer has a right to them; if they had been conceded in all the conferences that I attended—and in many of them I had authority to act—there was not one at which we could not have settled the wage rate without any difficulty whatever, and in fact the Iron molders' union, in one of their publications, in May, 1906, stated that of all these strikes that we had been entering into it was not about the question of wages or hours, but conditions, and if you would like that journal I will submit it to you; I think I can find one somewhere; there was no disagreement about that.

Mr. THOMPSON. You were talking about the question of local wages in each shop?

Mr. BRIGGS. National, if you please. Of course we had local meetings, an enormous number, but the joint committee that I referred to handled that question in a national way.

Mr. THOMPSON. In these conferences did not your association contend that the wages should be different in different communities, lower in, say, a small community and higher in a larger community, that the master founder should have the right to take advantage of the local conditions of the labor market so far as his industry was concerned?

Mr. BRIGGS. Well, as the result of our national agreement which I referred to, that question was referred to the committees of the two associations to settle. We felt that that should be a question that should become probably the subject for an annual conference, instead of all over the country at one time.

Now, if you will allow me a moment on that point—we attempted at the outset in this National Founders' Association to follow the lines so far as possible of the Stove Founders' Defense Association. That association had some sort of conciliatory agreement which some people thought was very successful; but the conditions obtaining between the two associations were so different, were so dissimilar, that it was impossible to illustrate; for instance, the Stove Founders' Defense Association had something like 65 members, and

their products were confined mainly to the manufacture of stove plates. Of course there were a great many kinds of products, such as coal stoves, hot-air ranges, or something of that kind, and the amount of metal and the handling of that metal, and the skill required in producing the product was practically the same. I looked into that thing very thoroughly in 1904, when I became commissioner, and I found at that time that there were some 65 members of that association, and they had about 5,600 employees, and that by reason of the simplicity of the work they did they were enabled to control that to such an extent that they got very large wages; in fact, I think their piecework price at that time, if I remember correctly—I have some papers to show it—but I think their prices were base 60 cents plus 20 per cent—72 cents—and subsequent to that time I think they have added to that until it amounts to 91. Besides that the union permitted piecework in all its shops; they did not oppose it; perhaps it was easier to produce a piece of work in that shop as compared with some others.

Contrasted with that instead of 65 shops we had five or six hundred, and we made everything from a door key or a watch fob, weighing a few ounces, up to castings weighing hundreds of tons. We handled gray iron, malleable iron, steel bars, copper, and aluminum, and almost anything you could think of; there were absolutely no combinations in any shape, manner, or form. It was impossible to control the price; it was simply out of the question; besides which we were advised that combination was illegal if we wanted to do it—we could not even if we had wanted it—so that the matter of applying that principle of conciliation that the Stove Founders' Defense had followed was impossible; we found it absolutely hopeless.

MR. THOMPSON. In the by-laws, on page 31, in the paragraph from which you read on wages, it says:

"Employers shall be free to employ foundry operatives at such wages as may be mutually agreed upon, said rates to be governed by local or shop conditions."

Being a part of your constitution and by-laws that practically amounts to a declaration of principle on behalf of your association, does it not?

MR. BRIGGS. You must read with that our resolutions on arbitration, where we say that we will arbitrate that question if we can not agree.

MR. THOMPSON. Does your association object to collective bargaining between the foundryman and his men with reference to the price of wages?

MR. BRIGGS. No, sir.

MR. THOMPSON. You do not insist, or rather, then, this language is not to be understood as declaring that you will deal with the individual as such alone in the determination of his wages, and that in the agreement with reference to wages the only things to be taken into consideration are the local and shop conditions?

MR. BRIGGS. I find that question is a little complicated to answer, but I would like to cover the substance of that by saying that we stand squarely and fairly and always have stood, and the spirit in the very first paragraph of this conciliation agreement stipulates that the first thing to be done is for employer and employee to attempt to agree, and if they do not agree and they want to bring in outsiders, it will be strictly proper. Our suggestion is, if they can not agree, having exhausted all efforts at conciliation between employer and employee—if they can not agree rather than have a strike or a lockout, arbitrate.

MR. THOMPSON. And, with reference to the question of wages, is it to be understood that this provision in your by-laws requires the employee first to individually agree with the foundryman?

MR. BRIGGS. No; it requires him to try to agree.

MR. THOMPSON. I mean, does it require him to negotiate individually in the first place?

MR. BRIGGS. Preferably; but he is free to do as he pleases. If he chooses to leave it to outsiders, he can do it. This is a voluntary organization; there is nothing compulsory about it.

MR. THOMPSON. Under this provision of your by-laws, would it be objectionable, so far as the members of your association are concerned, for the individual to deal with you through a union representative?

MR. BRIGGS. It is not objectionable for a firm, a member of this association. If he wishes to settle his wages through the medium of the union he has a perfect right to do so.

MR. THOMPSON. And this provision is not to be considered as preventing the employer from exercising the right to deal in that manner?

MR. BRIGGS. He can do as he pleases.

Commissioner WEINSTOCK. Mr. Thompson, may I be permitted to interrupt?

Mr. THOMPSON. Certainly.

Commissioner WEINSTOCK. I understood Mr. Briggs to say that the agreement under which they operate was abrogated in 1904. These by-laws say 1911. These by-laws, I presume, apply to the existing conditions and not to the conditions that would prevail in 1890 or 1900 and before?

Mr. BRIGGS. If you will allow me to explain, so as to clear that up before this commission. The outline of policy says—mind you the by-laws themselves have never been changed—these first provisions have never been changed.

Commissioner WEINSTOCK. These provisions about wages; did they read just as they do now in 1904?

Mr. BRIGGS. No; I will clear you on that. In the spring of 1904, while the New York agreement was still in force, the foundrymen had decided it was useless to proceed further in regard to that agreement; they had become tired of it. They adopted that outline of policy that was in force in May, prior to the abrogation of the New York agreement in November of the same year, and during the interim, after we had announced this outline of policy up to the time we abrogated the agreement, we continued to hold conferences whenever we were asked to, by virtue of this agreement.

Mr. THOMPSON. The reason I asked this question is that the ordinary construction of the language here, in my opinion, would preclude a member of this association from engaging in collective bargaining with his employees.

Mr. BRIGGS. That may be your construction, but, as a matter of fact, it is not correct.

Mr. THOMPSON. I want to get at your construction.

Mr. BRIGGS. Yes; as a matter of fact, it is not correct.

Mr. THOMPSON. It reads here that the said rates of wages are to be governed by local or shop conditions; what is to be understood by that condition?

Mr. BRIGGS. Well, that depends very largely, you know, upon the shop you are in. If you are in a shop making, say, a coarse kind of work, work that does not require a great deal of skill, perhaps a shop—and, by the way, many of these shops are very small, with only 10 or 12 men, sometimes only 4 or 5, and in many of these shops the men in these shops are stockholders of the shops; they own them; but they may be working on a very simple kind of work, building plates, perhaps washers and sash weights, and that sort of thing, requiring no great deal of skill. Their trade may be confined to a very narrow radius; that is a local condition and it should be governed and the wages paid under those conditions, and we recommend that those conditions be considered in fixing the wages, and that they be equitable, as required by those conditions. Then you go into a larger shop, in a larger community, where workmen have to travel a great distance, and have to pay street-car fare, and go perhaps half an hour or an hour, and the work is difficult and intricate and arduous, and there you have an entirely different set of conditions, and those conditions should be taken into consideration in fixing wages, and they are so taken.

Mr. THOMPSON. Do you believe that an employee has a fair opportunity to get a proper wage where he is compelled to deal individually with the employer with reference to the wage question?

Mr. BRIGGS. I think he has a very much fairer opportunity on the average than the man who has his wages fixed by the union, very much fairer; and you want to bear in your mind—if you are analyzing that situation—you want to bear in mind when you are dealing with this question of union labor that you are dealing with a very small percentage. There is only 2.41 of the people in the United States that are unionized, and you can not consistently go and legislate and conciliate, or anything of that kind, for a percentage of 2.41. You must consider the rest of them.

Mr. THOMPSON. Very true; but you mean, in regard to that little less than 3 per cent—when they come together and deal collectively—that they get lower wages than they would get if they dealt individually with their employer?

Mr. BRIGGS. Now, we must understand that word "collective." You can use that word very broadly. Collectively may mean the National Founders' Association dealing with the iron-molders' union, and using the word "collectively" may mean a proprietor with 10 men working for him getting those 10 men together and dealing with them collectively. Now, taking the latter condition—of the proprietor being allowed to get together with the 10 men and settle wages as he pleased—they will get better conditions and better wages than by dealing through the intervention of the iron-molders' union.

But I would like to make a little statement that our people believe, and I believe it intensely, that this question which you are attempting to cope with is not a question of unionism or nonunionism, absolutely not. You can not find a stockholder in our association, and there are thousands of them, that objects to unionism just because they are unions. The question is good and bad unionism, and that is the whole question. Nobody objects to unionism, nobody objects to a man coming into his shop if they will come in and allow the shop the rights that the proprietor has granted him by the Constitution of these United States to run that shop under certain conditions; if any union man wants to come into a shop on that basis, he is not an intruder at all, he is welcome.

But the difficulty is that the vast majority of the Federation of Labor unions, of which the iron molders is one, do not take that attitude. They demand the limitation of apprentices, and they say "you shall not work piecework, you shall not use improved appliances," which lessen the labor of the workmen tremendously and increase output. They demand that you shall not use those machines. They demand that you shall discharge every nonunion man or they will close the shop. That is the attitude in which they approach you. There is a great big line of demarkation between good unions and bad, and I myself characterize them as open-shop and closed-shop unions. I take my hat off to the open-shop unions of this country, headed by the conductors and engineers, or the engineers and conductors, just as you please; I put them in the same class, they are purely open-shop unions. They have never allowed a strike to occur in this country since 1894, and I do not believe that was due to the present management of the unions; they have always found some way to arbitrate these questions, some way of avoiding this turmoil and turning things bottom side up, and they have got at the arbitration proposition. The majority of labor unions I class as bad—of course, there are some good—but I have dealt with 26 of them, and I have never found one that did not object to these limitations that I have described, which in the eye of the law is illegal. A union man approaches you in your shop and demands that these things be complied with at the very outset. Now, that is not the spirit of harmony; that is not industrial peace; that is industrial difference of opinion and out of that industrial condition has come about this turmoil.

Believe me, it is not a question of laws that we want, not a question of more legislation; what we want is obedience to our present laws, and if this Government would enforce obedience to our present laws, I assert that that little conciliation agreement there could be used absolutely to the greatest advantage.

Let a man educate all the apprentices he pleases. In that strike I had in my own shop, the cause of that was that I educated my apprentices too well. The only reason was that I educated them too well. I dealt with the president of the union the night before they went out—

Mr. THOMPSON. Was that the reason you went out of business?

Mr. BRIGGS. No; it was the reason we had a strike. I talked with the president of the union before they went out, May 20, 1901, and I asked him why he was going to order the strike, and he said: "You are treating your apprentices too well." Now, why was that? My apprentices were handled in this way: First I had an instructor over them, who spent all his time with them. I gave him ten apprentices to handle, and he taught them everything he could; his time was their time, and it worked out beautifully. Now, No. 2. Up in that country, in Minneapolis, we had difficulty in getting high-grade machinists. There was a great demand for them at that time, and had been for years before, to get men that were fully up-to-date, highly educated, and who could read drawings, for example. We could not find them, so we instituted a system of educating them, and we provided an instructor, and as a rule they were indentured, and one of the features of that indenture was that they spent nine months out of twelve, two hours of the evening with the instructor, and we taught them to read drawings, and they worked those evenings on work that was constructed in the shop, and they enjoyed it; they liked it, and they became proficient and made good men; and the unions struck my shop May 20, and the only reason that they struck the shop was that I was educating these apprentices too well.

Then I came at them with that agreement which we had of the metal trades, which was similar to that New York agreement—copied almost word for word from that. I said, "Boys, we will call for a conference under this agreement; let us submit it to the two associations," but they said they didn't think they could wait for a conference, and the next day I was without any men except

three nonunion men that stood by me. That was the result of attempting to agree by way of these closed-shop unions.

Mr. THOMPSON. You have stated that you do not believe that an employee through the organization could better his wage condition in shops where, say, 10 men are employed—I think that was the number you used. What would be your opinion with reference to the larger shops, running all the way from 10 to 10,000?

Mr. BRIGGS. Well, the modern method of handling these large shops is to have most competent men to devote all their time and attention to labor conditions, and my observation is that in the large industries, almost without exception—there are exceptions, of course, to all these rules, but the exceptions are few—my observation is that by reason of these men whose sole effort is going to be to deal with these men, that they would get good conditions and good wages.

I want to state right there the thing that actuates us a little bit is that the condition of the wage earner in these United States is the best of any place on earth, and conceded to be so by everybody. That was not brought about by unionism; 2.41 per cent can not accomplish that. That is brought about by people studying this question; by people inspired with the idea of fair play, the same as the people were who drew this conciliation agreement and held 2,500 conferences under and by virtue of it in an endeavor to meet the unions on their own conditions and failed.

I believe that more increased wages and shorter hours, talking about mechanical institutions, are obtained by way of the employer and employee getting together than by virtue of any union interferences.

Mr. THOMPSON. Then, in your opinion, the unions which are associated with the American Federation of Labor, as a matter of fact, as far as wages are concerned, are of no benefit to their members?

Mr. BRIGGS. I think they are a curse.

Mr. THOMPSON. And any expense they are put to in maintaining such organizations is worse than lost money?

Mr. BRIGGS. That is my opinion; but I want you to bear in mind that if they will eliminate a portion of their rules that have been declared illegal, and which they try to force upon us, they would meet the proprietors in a much more friendly spirit and would be received more kindly.

Mr. THOMPSON. What is your idea of the purpose of more than 2,000,000 people who belong to these unions; what is their idea in joining them?

Mr. BRIGGS. If you are going to answer that question intelligently, you must analyze the conditions to the extent of finding out what class compose these unions, and you will find that a very large number of that 2,000,000, if I understood Mr. Mitchell correctly this morning, I should say he claimed something like 600 or 600,000 were coal miners.

Mr. THOMPSON. No; 400,000.

Mr. BRIGGS. I stand corrected, if that is correct.

Commissioner WEINSTOCK. Seven hundred and fifty thousand now; there were 400,000 in 1897.

Mr. BRIGGS. There is over one-third of all the kinds they have, and they want to apply conditions—

Commissioner WEINSTOCK. Here are the facts: In 1890 there were only 90,000 organized miners out of 400,000; at the present time there are 750,000, and 525,000 of them are organized.

Mr. BRIGGS. Very well; I guess we have it correct now. There is over a quarter of all of them.

Commissioner O'CONNELL. A quarter of all the miners?

Mr. BRIGGS. No; a quarter of the American Federation of Labor.

Commissioner WEINSTOCK. The miners represent a quarter.

Mr. THOMPSON. I am taking it from Mr. Hayes; I thought he said 300,000 anthracite and 450,000 bituminous.

Mr. BRIGGS. Now, the main point: It is absolutely impossible to prescribe a set of rules that will apply to these people whose labor is all so universal and common, and all that sort of thing, and in a mechanical institution where you have all varieties of labor, from unskilled up to the very highest skilled, those principles will not apply.

Mr. THOMPSON. Let me put this proposition, so that we will not waste time on the unintelligent class. Take the typographers, the typographical union. It is composed of men whom I assume must be intelligent; must be able to read, write, and punctuate and understand English thoroughly; what would be your idea of their reasons for maintaining their organization?

Mr. BRIGGS. I do not think my opinion on that proposition would amount to very much, because I am not familiar with conditions prevailing in their trade.

Mr. THOMPSON. You said that the maintenance of these institutions is a mistake by people, that it does not help them?

Mr. BRIGGS. I do.

Mr. THOMPSON. You must have some opinion in regard to why such a body of intelligent men would maintain an organization.

Mr. BRIGGS. Well, a man can give his opinion on these things, of course. This is my personal opinion; not the opinion of the National Founders' Association which I was called here to represent. I think at the present time the greatest effort of these men is to hold an organization, without drifting a little as to the purpose of the organization.

Mr. THOMPSON. Your opinion in regard to the unions, which are part of the American Federation of Labor, does not apply to these trainmen's unions?

Mr. BRIGGS. No; I have the greatest admiration for the way that the conductors and engineers and firemen conduct their unions; I think they are ideal.

Mr. THOMPSON. You think it is an advantage to have that organization?

Mr. BRIGGS. Yes.

Mr. THOMPSON. It helps their wages?

Mr. BRIGGS. Yes.

Mr. THOMPSON. And hours?

Mr. BRIGGS. Yes.

Mr. THOMPSON. And conditions?

Mr. BRIGGS. Yes.

Mr. THOMPSON. In your opinion, then, it is the difference in operation between the two different bodies of men?

Mr. BRIGGS. The unions we are talking about are open shop; they will arbitrate anything. They will not strike because they put on nonunion men. The labor unions that I have had experience with, and I have had experience with 26 of them, always will, because they are a closed shop.

Mr. THOMPSON. You think the closed shop is a detriment to the unions both in regard to wages and hours and the open shop helps hours and the working conditions of the men?

Mr. BRIGGS. I most certainly do; that is my experience.

Mr. THOMPSON. What is your authority for the statement of about 2½, or whatever the percentage was, being organized workers?

Mr. BRIGGS. The commissioner of labor of Canada. I have the list here, where he has recently come out. I will admit that I quoted it from the papers. It is headed: "Comparative strength—an interesting statement" contained in the report of the Canadian Bureau of Labor shows the relative standing in trades unionism of the chief industrial nations, the figures indicating the percentage of trade-union memberships to population in the case of each country as follows."

Then it starts off with Great Britain and follows with Canada. It gives Great Britain about 6 per cent and Canada about 2 per cent. We are 2.48 per cent, France is 2-plus. Sweden is next with over 4 per cent, Germany over 4 per cent. They are about the same. Austria a little over 1 per cent. Then there are several smaller countries where they are only a very small fraction of 1 per cent unionized. That is my authority. It may not be correct.

Commissioner O'CONNELL. That is to the total population of the United States, that 2.48?

Mr. BRIGGS. Yes.

Commissioner O'CONNELL. What percentage of the people who are engaged actively in industry?

Mr. BRIGGS. Workmen, you mean?

Commissioner O'CONNELL. Yes.

Mr. BRIGGS. Well, that would figure up about 7½ or 7¼, I think. There are about 30,000 employees in the United States, and it would be about one-third. Multiply that by three and you will have it.

Commissioner WEINSTOCK. Are not these figures misleading, Mr. Briggs? I got the notion that the statement was that of all the workers in the country only two and a fraction per cent were organized, but I see here that it is two and a half and a fraction per cent of the population.

Mr. BRIGGS. Yes; of the population.

Commissioner O'CONNELL. That takes in all our possessions.

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Mr. BRIGGS. It takes in 91,000,000.

Commissioner WINSTOCK. I was under the impression that of all the workers of the country it was 25 per cent.

Mr. BRIGGS. No; I think it is less than 8 per cent.

Commissioner O'CONNELL. Can you give us some idea where we can find that?

Mr. BRIGGS. I think I can find it. I can not give you the number of the bulletin, but I can get that information.

Mr. THOMPSON. Do you mean you can get it from some publications of the United States Government?

Mr. BRIGGS. I mean the information. It is stated frequently that it is less than 10 per cent. I think it was about three years ago that I looked that up, and I think I got my information from some bulletin that the Government published that showed that it was less than 8 per cent.

Mr. THOMPSON. Could you tell us what bureau or what department published that information?

Mr. BRIGGS. The Bureau of Labor would have it.

Mr. THOMPSON. Now, coming back to that association, what percentage of the industry does the membership of your association cover, and how is your association formed? What is the agreement among the members? What is the method of introducing new members, and how do you carry out and enforce any of your agreements with reference to the individual members?

Mr. BRIGGS. That is a pretty big question to cover in one answer. If you will split that question up it will probably take me a couple of hours to answer it, but I shall be very glad to go to any length you please in answering it.

Mr. THOMPSON. I am quite willing to divide it.

Mr. BRIGGS. Will you please just divide that up?

Mr. THOMPSON. About what percentage of the industry does the membership of your association cover in the United States?

Mr. BRIGGS. It would be impossible to state. We cover about 500 shops. As I have explained here before, that covers a great variety of trades. It is really every conceivable thing that you can make out of metal. I do not believe it would be possible to state what proportion it is.

Mr. THOMPSON. Have you any idea about it yourself?

Mr. BRIGGS. Based on employees, I should say that the association has about 80,000 employees represented—molders—but to the best of my recollection, there are about 150,000 molders employed in the United States, when they are working at full capacity. That, by way of comparison by way of employees.

Now, as to firms. Of course, you know a great majority of the firms, in fact, the average of the factories in the United States, is about 10 employees to the firm. Many of these people are small people. My memory is that while we have about 500 shops, there are about 60,000 foundries in the United States.

Mr. THOMPSON. With reference to your form of membership, how do you have your association carry out any decision that you make, in the membership?

Mr. BRIGGS. I do not quite understand your question.

Mr. THOMPSON. How are the decisions of your association enforced against the members? Your association, as I understand, deals with the labor proposition. That is one of the reasons for its existence.

Mr. BRIGGS. You mean the method of our treating, directly, a labor proposition?

Mr. THOMPSON. No; your method of treating one of your members with reference to a labor problem.

Mr. BRIGGS. You mean as to a standing member, admitted, or a prospective member?

Mr. THOMPSON. Yes.

Mr. BRIGGS. A member? Well, now, just as I have stated before, our advice to a member is that he use every effort to settle the questions between him and his own men. If he fails to do that, the next thing we do is to send an officer of this association to his place of business. He looks the situation over carefully, and he makes a report back. Usually that is a man who is a subordinate officer, and he reports to his superior officer. Then the form prescribed in the constitution and by-laws takes place; a committee of five—a district committee—is appointed to go to that man's place of business to look over his condition and see whether he is really justified in enforcing what he wants—what he requires. If, in my judgment, he is asking for something that is eminently fair, if he is treating his men right, if he has done all that he can do to effect a settlement, he asks for the support of the association; the report of that committee is then submitted to the council of that association, which is made

up of two men from each of nine districts—18 men—and the president and vice president of the association as ex-officio members. The treasurer is also a member of that council, in the event of an individual being treasurer. In the event of a banking institution being the treasurer, of course, that is eliminated, and it is confined then to 20 men. The report of this district committee, after having made this investigation, this inspection, is then transmitted to the administrative council, and they vote whether or not this man shall have support. If the case is one involving a large number of men, a meeting is called of this entire council. Years ago we used to have lots of them—four and five a year. They take that up and adopt it. The man goes before the council and presents his case, and after it has been most thoroughly examined, if he is entitled to the support asked, it is voted to him.

Mr. THOMPSON. But in case a member refuses to carry out some decision of your council, or any other authorized officer or body of your association, how is he disciplined, or how is he forced to carry it out?

Mr. BRIGGS. He is refused support.

Mr. THOMPSON. Is that the only method you use to enforce the decisions of your officers?

Mr. BRIGGS. It is a voluntary association. I do not think, as a matter of fact, that question has ever come up, prior to difficulties. We have on many occasions been presented with a petition for support and upon investigation we have found that the man was not treating his men right, and we urged him to change front, and we would not support him, and as a rule after you have exhausted your means that way, nearly every manufacturer, you can, by working with him, get to do the proper thing. That is what we try to do.

Mr. THOMPSON. But if he does not do it, you have no power to compel him to do it?

Mr. BRIGGS. Deny him support or expel him. We can expel him if we wish to.

Mr. THOMPSON. I mean denying him support or expelling him; that is the only power you have?

Mr. BRIGGS. Yes.

Mr. THOMPSON. What is your method of handling labor associations at present?

Mr. BRIGGS. Do you refer to strikes?

Mr. THOMPSON. Yes; to strikes.

Mr. BRIGGS. You refer to a time when all these preliminary efforts have been exhausted, and we can not make a settlement and a strike ensues?

Mr. THOMPSON. Yes.

Mr. BRIGGS. There are three methods. You gentlemen have the constitution, which provides them, and without reading the entire contents of it, they are briefly these: One method is to supply the men. Another method is to secure work in some other shop for them. Another method is to pay them a certain stipulated amount, or a certain amount that shall be agreed upon, rather, for idle floors while they are shut down, and the association members club together and put up a little bunch of money and help them in that way.

Commissioner WEINSTOCK. I am a little confused on a statement that has been made here, and I should like you to set me straight.

Mr. BRIGGS. I should like to do so.

Commissioner WEINSTOCK. On the one hand I was led to believe, from what had been said before, that in 1904 the New York agreement had been abrogated.

Mr. BRIGGS. Yes.

Commissioner WEINSTOCK. I gathered from that, somehow, that you were principally operating with nonunion help.

Mr. BRIGGS. Oh, no.

Commissioner WEINSTOCK. You are operating with union help?

Mr. BRIGGS. We operate an open shop, strictly.

Commissioner O'CONNELL. They are operating without an agreement.

Commissioner WEINSTOCK. You recognize the union, do you, now?

Mr. BRIGGS. No, sir.

Commissioner WEINSTOCK. You do not recognize the union?

Mr. BRIGGS. No, sir; we have no negotiations, nationally, you understand. This association has no negotiations.

Commissioner WEINSTOCK. Locally, have you?

Mr. BRIGGS. Occasionally our members have. We do not deny them that right.

Commissioner WEINSTOCK. If you do not recognize the union, how can you arbitrate with them as you say you do?

Mr. BRIGGS. We do not arbitrate. They will not arbitrate with us. Absolutely, gentlemen, they will not arbitrate with us. I bear witness to that, and I wish that I was under oath.

Commissioner O'CONNELL. Do you not say in here in several things that you will not arbitrate?

Mr. BRIGGS. I do now.

Commissioner O'CONNELL. Do you not say in here that in several things you will not arbitrate?

Mr. BRIGGS. I do now; but, mind you, I want to be clear on that point. Pending this seven years and pending this conciliation agreement the foundrymen went to the greatest extreme and said, "Gentlemen, we will arbitrate anything and see if we can not get some sort of an agreement here," and, absolutely, they will not arbitrate. Having spent seven years and a great number of conferences in attempting to do that, the foundrymen felt that it was about time for them to take some sort of a position, and they said, "These conditions which the officers of the association agree to we propose to support our members in. They are strictly legal and lawful—and according to the best attorneys that we can get they are—and we propose to support them so long as they conform to the State laws." Then this was adopted in May, and when November came around—we have had no negotiations since November.

Commissioner WEINSTOCK. Since last November?

Mr. BRIGGS. No; since November, 1904, we have had no negotiations.

Commissioner WEINSTOCK. Now, you have had what is called an open shop. You do not ask questions when men apply to you for work?

Mr. BRIGGS. No, sir.

Commissioner WEINSTOCK. Supposing the men in your shop made an organization as a unit and came to you in order to discuss certain grievances, what would happen?

Mr. BRIGGS. Well, that is entirely optional with the workman himself. The national body has no arbitrary rule about that at all. They can do just as they please.

Commissioner WEINSTOCK. As a rule, what has been the practice? Will the founder recognize that body?

Mr. BRIGGS. Subsequent to 1906 it has been estimated that there are perhaps 16 per cent of our people that do negotiate with the union, and the balance do not. They find it more advantageous to both the employer and the employee not to negotiate with them.

Commissioner WEINSTOCK. That is, not to recognize them?

Mr. BRIGGS. Yes.

Commissioner WEINSTOCK. So that the 85 per cent, if a committee came to them representing their own workers wanting to discuss matters, would not recognize them as a union?

Mr. BRIGGS. I should like to be sure I understand that question. You say a committee from their own workers?

Commissioner WEINSTOCK. Yes.

Mr. BRIGGS. I do not think any member of the foundry association would object to meeting a committee of his own workers. But, mind you, the union does not send a committee of that kind. They send a man that is an outside man in, there.

Commissioner WEINSTOCK. And those you do not recognize?

Mr. BRIGGS. No; we do not recognize them in negotiations. Some of the members have done so.

Commissioner COMMONS. Eighty-five per cent do not, you say?

Mr. BRIGGS. Eighty-five per cent do not.

Commissioner WEINSTOCK. Pardon me, Mr. Thompson, for interrupting you. Go right ahead.

Mr. THOMPSON. Are the wages and conditions in shops of the National Founders' Association better or worse than the wages and conditions of working in shops under arrangement with the union?

Mr. BRIGGS. That is a mere matter of opinion. My opinion is that they are much better; and if you would allow me I should like to touch—pardon my presumption here—I do not want to fall to touch this apprentice question most thoroughly, and the question of the molding machine.

Mr. THOMPSON. I should like, first, before we get to that, Mr. Briggs, to ask you about something else. I am perfectly willing to go to that, but I want to

get as complete a statement from you here as possible. You spoke of supplying men to the foundrymen in cases where there is a strike. What are the conditions and arrangements with reference to the supplying of those men? How are they supplied and where are they gotten from?

Mr. BRIGGS. We have continuously employed a number, varying according to the conditions of business, of foundry instructors, molder instructors, and when a cessation of work takes place in a shop and nobody is there we send a certain number of those men to that shop and bring in unskilled men and train them as molders. Occasionally we pick up molders in one part of the country and send them to another part.

Mr. THOMPSON. About how many men does your association keep in that way?

Mr. BRIGGS. That depends entirely upon the conditions prevailing. I could not tell you exactly without referring to the records.

Mind you, I have been out of office since last November, and I have not reviewed this, and I could not answer that question without looking it up; but if you would like to have it answered, we will supply it to you gentlemen.

Mr. THOMPSON. Have any of the members of your association agreements with the unions?

Mr. BRIGGS. I think they have; some of them. They are included in the 15 per cent I referred to.

Mr. THOMPSON. There is nothing in your association that would prevent them having interviews with the individuals in the industry?

Mr. BRIGGS. No, sir.

Mr. THOMPSON. In the agreements that a member of your association makes with the union must he insist upon any of these conditions that are set forth in your by-laws?

Mr. BRIGGS. That is entirely optional with the man who makes the agreement. The national body has nothing to say about it.

Mr. THOMPSON. Then, the constitution and by-laws of your association is more or less a direction as to the wise thing to do rather than a compulsory rule?

Mr. BRIGGS. The association is voluntary, absolutely and in every particular. There is nothing compulsory about it.

Mr. THOMPSON. Would not a man be expelled if he did not carry out your by-laws?

Mr. BRIGGS. Well, in some regards, of course; but we do not have much difficulty with them. We are very careful about that. If a man is unreasonable with his workmen, we do not take him in; we will not have him.

Mr. THOMPSON. Suppose a man made a closed-shop agreement with the union, would that be such a violation of the by-laws as would lead to his expulsion from the association?

Mr. BRIGGS. You are speaking generally now from the general principle involved here?

Mr. THOMPSON. No. Would there be a power in the association to expel him; and, next, what would they be apt to do?

Mr. BRIGGS. There is a power to do it, but in actual conditions we do not expel a man, because there has never a case arisen where they ought to. I assume what you are getting at, and want to get a short cut to it, is you are referring to a contract that is entered into between the founders' association and a man whose men have struck?

Mr. THOMPSON. No; I want to say that I have nothing specific in view at all.

Mr. BRIGGS. I was just asking because the nature of your questions led me to believe that.

Mr. THOMPSON. No, indeed; I do not know of any such conditions that exist.

Mr. BRIGGS. Where a man wants support, and we go out and investigate and vote him support, after having gone through all that I have stated here, one of the conditions of his having support is that he runs an open shop for one year.

Mr. THOMPSON. When you say, for instance, that a member of your association has the privilege of contracting now with the molders' union, is there any understood objection among the members of your association to so contracting?

Mr. BRIGGS. The general impression among our people individually is that to contract with the iron molders' union is a mistake. They would not advise it. Eighty-five per cent would advise against it. Eighty-five per cent would advise against it, believing that they get better results otherwise; but in some

particular locality where the union has made perhaps special agreements with a man it may be advisable, if he gets better conditions, and if he wants to, it is optional with him.

Mr. THOMPSON. When a member of this association has made such an agreement he would not be considered as breaking the faith?

Mr. BRIGGS. Oh, no.

Mr. THOMPSON. If, in your opinion, the union associated—I am only using that word as you have used it yourself—avails to get the best wages and the best hours for its membership and the best working conditions, what is the objection on the part of your membership to dealing with the union?

Mr. BRIGGS. If you will allow me now to touch upon that apprentice and molders' machine question, in the language of the iron-molder's union, and in the language of Mr. Commons, in the beautiful book that you published, on the part of the Government, the apprentice matter has caused more difficulty than any other point. I think that is the exact language that Mr. Commons and Mr. Frey used. You published that document, and I agree with you exactly, and in that document they say also that the reason for the ratio of apprentices has never been discovered. They do not know. As a matter of fact, you can not fix a ratio of apprentices, so many to a certain number of workmen, applying uniformly all over the country and in all trades, that will be fair. You can not do that; and in my judgment it is not necessary to have any union to do that, because that is a question that is fixed by law, as to what you can do with an apprentice, and there are natural limitations applying in every shop. The union attempts to force a uniform rule, and that ratio is based upon guess. I have tried several times to find out, and the only reason that was ever given me was that when the people were considering this question they felt, and the union felt, that they ought to have a ratio assured, a limitation, and nobody knew what it was, so that they adjourned from the convention and shook dice and that the result of the dice established the ratio of apprentices. That is the only reason I have ever heard. I do not know about the truth or falsity of that, but that is what union men have told me was done.

Commissioner O'CONNELL. With who were they shaking dice?

Mr. BRIGGS. I do not know. That is the way it was given to me. That is the only reason for that ratio of apprentices that I have ever heard. There is a limit of the ratio of apprentices and that is fixed by the conditions of a shop. Here is a shop here which has a certain line of workmen, and has certain foremen who are good men, but they have not got ability to impart their knowledge to a student, which is so necessary for a teacher. The same problem is before our schools; they can not get good teachers, not because the teachers do not know anything about the subject, but because they can not impart the information that they have to anybody else. There is the greatest difficulty. The men in that shop, and the shop foremen, will not educate one of these apprentices. They do not want to, and if they do they will educate him strictly along union lines, generally.

Over here there is a factory where they say, "Here is a good foreman, and he likes to teach boys, and he will teach them, and he has a gang boss and another molder here who likes it and likes boys, and we will make proficient men of these." In this shop you can work a large number of apprentices, whereas in the first shop you can not. Hence the absolute futility of fixing a uniform ratio of apprentices. You can not do that. That is where the trouble comes in, and in a great strike like the one we had in 1906, practically the only question that was at issue in the main center of the difficulty, Milwaukee, was over that matter of apprentices. The union ratio had been enforced to such an extent that there was a dearth of molders. It has been estimated, I think, from the quotation that was given, that I have just referred to, and from actual practice, that if that ratio were maintained for, say, 20 years, the molding trade would be extinct; there would be no molders to perform the work. They were driven to extremities at that time. The shops were all struck, and they turned them all into training schools, and they broke in 1,200 men in Milwaukee alone as the result of that. That is one of the things that, as has already been said, outweighs all other conditions altogether.

No. 2 is the molding machine. The unions have always opposed the molding machine. Molding machines are facilities for making castings. It is easier for a man to make a casting with a molding machine than it is without it. It does not require so much hard labor, and it increases the capacity. The iron molders have fought molding machines from the time the molding machine

was started until the present time. If you put an iron molders' union man onto a molding machine he will make as many castings on that machine as he can make without it. I know that to be the case, first, because it occurred in my shop, and second, because I have seen it in hundreds of other shops. He will not do more than that, if he is a union man. If you get a nonunion man and put him on it he strikes your shop. What could the proprietor do? Absolutely estopped from educating more men at that time; estopped from putting in more approved machinery and appliances and being able to supply their orders, and that sort of thing. The next thing, the union struck those shops—every one of them. As a matter of fact, in most cases you can increase your output with the molding machine anywhere from 2 to 40 times. I would not begin to tell you how much more you can produce with a molding machine, but it is a tremendous lot.

Now, a man in this country ought to have the right to use that machine if he wants to, and get that vast result out of it, and I submit it to you gentlemen that if a man wants to do that—in the case I am referring to now it cost me \$5,000 to fit up to make pulleys, and we could make three of those pulleys without the machine, and usually we could make eight with the machine. I tried one union man after another, until I had had seven on it, and my price was based on seven pulleys—and I was competing with people who had not this difficulty. Finally, I had a little bit of a brush about it, and I put a nonunion man on the machine, and the first day he put up seven pulleys, and the next day nine; and his average was nine. What is a man going to do under those circumstances? I think a proprietor is justified in asking to be permitted to run an open shop.

MR. THOMPSON. Would you be willing to furnish the commission with the number of strikes in the shops, members of your association, of last year, and the causes of those supported and those nonsupported; where they were supported, giving the reasons for the support, if any.

MR. BRIGGS. Yes; over any period you please. If you want to extend that over the entire period of the existence of the association, I will be pleased. I am speaking now without the authority of the association, but I am an ex-president, and I know how they feel about it, and I know that they will be glad to furnish that.

MR. THOMPSON. I wish you would furnish it.

MR. BRIGGS. Mr. Taylor, will you make a note of that? They want a list of all these strikes, and all that sort of thing. Will you let us have the whole thing for this commission?

MR. THOMPSON. Mr. Chairman, that is all.

Commissioner DELANO. Mr. Briggs, I understood you to say that you tried to work under the trade agreement with your association for a period of seven years, and finally you abandoned it in 1904, and since then you have gone on for 10 years without any trade agreements. Do I gather from that that you have had better success without a trade agreement than you had with it?

MR. BRIGGS. Infinitely better. Perhaps I could best give you proof of that by saying that that question has come up for three years, after 1906, at our national convention; and the same outline of a policy was adopted, without a dissenting vote, and there were present at every one of those meetings about 200 of our members, and at the last two conventions it has not been even mentioned. There is not a dissenting vote in our association on that proposition.

Commissioner DELANO. If you were on this commission and trying to answer the questions that we are expected to answer, to find a way to secure industrial peace, you would not suggest the trade agreement as the way?

MR. BRIGGS. I should not, for our enterprises. I should most certainly be opposed to it.

Commissioner DELANO. And yet you did intimate that trade agreements with some unions, under some bases, were all right.

MR. BRIGGS. I do, and I believe that, and our association believes it sincerely and honestly. We are committed to it, over and over again. Our belief is that a closed-shop union is absolutely illegal. They have no right to make such an agreement in the first place. It does not work out in the second place.

Commissioner DELANO. You have spoken of the injustice of the limitation of apprentices; and yet I understood you to say that there is some basis of limitation of apprentices, although nobody has as yet discovered what that scientific basis is. Did I get that correctly?

Mr. BRIGGS. Not exactly. I would say that the way to establish a limitation of apprentices is not by the way these unions attempt to establish it. I think you will agree with me, Mr. Delano, that nearly every State in the Union years ago had a law limiting apprentices. I recall one which says that if a master apprentices a boy to learn a trade—that was at a time when he usually took him home and he became almost a father to him—he must give that boy a certain education, in mathematics, for instance, and I think the limit of that mathematical education was up to the rule of three that our fathers used to talk about; and by way of the State laws those limitations are regulated. It is not the part of the employer or the employee to regulate that. It is regulated in that way. But I have made proposition after proposition to these gentlemen sitting right over there, that if they would draw the provision for the education which any manufacturer should grant these apprentice boys just as strong as they pleased, they could get a Philadelphia lawyer—I have used that expression many times—to draw those limitations, and they would allow the employers to educate all they wanted, and under that agreement we would accept them. They will not accept them.

Commissioner DELANO. But suppose two of your members, one of whom was employing that 10 or 15 per cent of apprentices and the other employing 40 or 50 per cent, would they be able to compete in a similar class of work?

Mr. BRIGGS. That is a question. In the first stages of those apprentices probably they would not. But after they get into the fourth year they would, and I should like to add one word to that, Mr. Delano. I am bothered over this question because I have been at it so much, but do you not know that all this talk about a vocational education, and efficiency and scientific management, is the result of the inability of the manufacturer to educate apprentices?

The place for a boy to learn a trade is in a shop. You can not teach him a trade in a school—not a bright boy. You can not do it. Manual training up to a certain extent and vocational training up to a certain extent will classify these boys. It will sift out those who have mechanical ability. Then you must turn that boy into the shop. That is the place for him to learn the trade. You can not teach him that in a school.

Commissioner BALLARD. If a shop had a number of apprentices, might it not be a temptation on the part of the employer to lay off his older, tried men, who probably would have families to support and must get larger wages, and supplant them with those apprentices who would work for smaller wages, and might not that injure the interests of the older men?

Mr. BRIGGS. Possibly it might, but I do not think so. I do not think it is an injury to any boy to teach him a trade, and I do not think it is objectionable for any manufacturer to spend his money in teaching a trade in his own shop, as opposed to contributing about every three weeks, as we are now asked to contribute, for some vocational education. For my own part, I would rather spend that money in my own shop in teaching my own men in my own way.

Commissioner BALLARD. Did you have trouble on account of the union men refusing to handle material made in the nonunion shop, refusing to handle material or tools, or anything of that kind?

Mr. BRIGGS. We had some trouble. The greatest trouble was when they were asked to make castings for a nonunion or other struck shop. Occasionally when we asked union men to make castings for a nonunion shop where there had been other difficulties, they refused to make them. That is quite a common thing.

Commissioner BALLARD. You speak of good unions and bad unions. What two or three things do you feel specifically that the American Federation of Labor do that if they were eliminated you would feel friendly toward their organization?

Mr. BRIGGS. First, I would say remove limitations on and opposition to apprentices. Second, I would say remove their opposition to molding machines and improved appliances. Third, I would say their habit of fining certain of their members for exceeding their limits, which they themselves have set, and limiting the output, which they do time and again. Again, I would say where they enforce a minimum wage, frequently they cause the proprietor to lay a man off because he is old, and although he is a good, honest man, he can not earn the minimum wage, and he begs to be taken on, and the union says, "No; you have got to earn the minimum," and he can not. Let them remove that, which does great injustice. Talk about Christianity and justice and that sort of thing, if that does not come in there, I do not know where it does. I can cite you case after case, if you want it in the record, where that has been done.

Then there is a fellow that is not fully skilled; there is many a well-disposed boy, a splendid boy, a boy that likes to work and do the best he can, who cannot rise to the level of the man who earns this minimum wage; and that boy would not be kept on and would not be allowed to work at his trade; or else the proprietor has got to turn a good man down so as to break even, somewhere. Let them remove that. Let them remove those restrictions. It is really illegal and unlawful to make those restrictions. All we ask of the American Federation of Labor and the iron molders' union especially is to conform to the law as it stands to-day. We will get along with them all right. The brotherhoods do that every time; and believe me, I do not believe there has been a minute for the last 15 months but what there have been bitter strikes on somewhere with the International Union of Iron Molders, or the machinists. At the same time, you can not mention a strike that has taken place, of any magnitude whatever, with those brotherhoods. They have the best-paid and the best-equipped and the best-housed men that there are in any industry in any country in the world. Why can not the American Federation of Labor adopt those same methods? Why could they not come to us and say, "Let us get at this thing on an amicable basis?" Talk about industrial peace. That is the thing for them to do.

Commissioner WEINSTOCK. During the existence of your agreement, Mr. Briggs, did you work on the closed-shop basis?

Mr. BRIGGS. We worked upon any condition we could get with this union, and the biggest part of them were closed shop, absolutely.

Commissioner WEINSTOCK. You stated you had a great deal of trouble in getting along with the molders, especially, and reaching any sort of a satisfactory agreement; that they make demands which, in the judgment of the founders, were unreasonable, in the way of minimum wages, apprentices, and all that sort of thing.

Mr. BRIGGS. Yes, sir.

Commissioner WEINSTOCK. Evidently conditions east are different from what they are in my country, California. Speaking with some members of the Metal Trades Association employers, they have said to me, in relation to the molders especially, that their relations with them are very friendly and cordial and that all their differences are amicably adjusted and they get along splendidly together.

Mr. BRIGGS. Your trade out there has pretty nearly all left you, however.

Commissioner WEINSTOCK. No; that is not true.

Mr. BRIGGS. Manufacturing?

Commissioner WEINSTOCK. Yes.

Mr. BRIGGS. I apologize, if that is the case.

Commissioner WEINSTOCK. Mr. McGregor, president of the Union Iron Works, told me less than a week ago that they are employing more men than they have at any time since the fire, except a very brief period after the fire; that they are now constructing the largest vessel on the Pacific coast that was ever constructed there; that they got the contract in competition with the largest shipbuilding concerns on the Atlantic seaboard and that their bid was from \$30,000 to \$40,000 less; that they are doing it in record time; and only a few days before I left my home the statement was made public that the Union Iron Works were going to build the biggest dry dock in the world and that Mr. McGregor further made the statement that they had now more work than they can possibly take care of.

Mr. BRIGGS. I would not question a portion of that statement. You have an unusual amount of work there, due to the Panama Exposition.

Commissioner WEINSTOCK. Not in shipbuilding.

Mr. BRIGGS. A member of your chamber of commerce has issued a statement, only about a year or a year and a half ago—I have a copy of it, but I do not think I have it here now—in which, my memory is, he stated the manufacturing industries of San Francisco had diminished; that in 1908 San Francisco had 4,000 manufacturers and in 1913 San Francisco had only 1,400. Most of them have moved to Los Angeles.

Commissioner WEINSTOCK. I happen to have information on that, Mr. Briggs, that I think will be of value in the record.

I was chosen a member of a board of conciliation to represent the employers in a question that arose between the Metal Trades Association and the Iron Trades Council on the matter of hours. That is, the Iron Trades Council wanted an eight-hour day and the employers wanted a nine-hour day. The committee of the employers raised the point that because of the eight-hour day

and because of other union conditions, San Francisco was losing its metal-trade business.³ The representatives of the Union demanded specific instances to be presented to the conciliation board. The members came at the next meeting with alleged specific cases. On analysis it was found that most of the alleged losses—that is, employers going to other places—were due not to wages and not to hours but to conditions beyond control. For example, some went over to the Oakland and Berkeley side of the bay because they had better shipping facilities and railroad charges were lessened. They could get trackage there that they could not get in crowded San Francisco. In some cases they could get much cheaper land and much larger accommodations than they could in a crowded city like San Francisco. Some had dropped out because of mismanagement; they could not manage their business successfully. It was not possible for the employers to show, to the satisfaction of that conciliation board, one single case where the employer had dropped out of business purely because of unionism.

It was shown that the diminished volume of metal trades in San Francisco was also due to these conditions that had nothing to do with labor: Formerly, San Francisco was the center of the Pacific coast; that is, it produced all the mining machinery. There were very small shops in Seattle and Portland and Los Angeles, and nearly all of that work was centered in San Francisco. To-day Seattle, Portland, and Los Angeles have grown to be great cities, filling their own local requirements, and that business no longer comes to San Francisco, and its sphere of usefulness in industrious lines has been very much minimized—that is, its territory has been minimized. That applies not only to the industry, but to the jobbing business of San Francisco as well. For example, Mr. Scott, the president of the Pacific Hardware Co., the largest hardware company on the Pacific coast, made the public statement some time ago that formerly he had 250 traveling salesmen going out of the city of San Francisco, but the conditions developed so that they had to open a branch in Portland and another branch in Los Angeles, and now he only had one-third that number going out of San Francisco that he formerly had; that their territory had been minimized. That, of course, had nothing to do with labor, because jobbing houses do not deal, as a rule, with organized labor. Therefore the fact of the industrial office of San Francisco having been reduced as it has been is not due, on analysis, to the question of organized labor.

Mr. Briggs. I am very glad to hear that statement, because this side of the Rocky Mountains, and at Seattle and Los Angeles, and Portland, at the very time you name, it is not only currently but freely reported that those cities have benefited very, very materially by the fact that a lot of your people in San Francisco pulled out of there on account of labor conditions and went where they could have freedom. I have been told that by many men in all the towns you have named. I do not know that to be the case; that is merely an opinion. I am glad to know what you have stated, because that is not so understood exactly by people on this side of the Rocky Mountains.

Commissioner WEINSTOCK. A question was raised a little while ago about the advantage to the worker of individual bargaining as compared with collective bargaining, and you pointed out that, in your judgment, the worker was better off under a system of individual bargaining than under a system of collective bargaining. Does not that depend upon the law of supply and demand? That is, where two jobs are hunting one man, that one man, under individual bargaining, will do very well; but if two men are hunting one job, will those two men not do better under collective bargaining than under individual bargaining?

Mr. Briggs. I want to be fair on that collective proposition. You mean by way of collective to understand the national union to intercede for them?

Commissioner WEINSTOCK. Yes; that is, keeping the minimum from dropping below the living wage.

Mr. Briggs. If you will remove the illegal restrictions here, so that when the third party comes to the men involved he comes in a friendly spirit and they feel friendly, I think there are cases where that statement is true. Under present conditions I do not think they could meet that, myself. That is a matter of opinion.

Commissioner WEINSTOCK. Evidently your experience in the matter of organized labor differs seemingly from the experience of Mr. Peabody, who testified before us this morning. That is, I gather from what you said that, in your judgment, the union is simply a burden on the worker; that is, it taxes him for dues and gives him no compensatory benefits. Mr. Peabody this morning made the statement that the chief benefit of trade agreement is that the men are better off. He said that as an employer. He said further that the private

habits and moral conditions and the intellectual developments of miners have very much improved over old conditions, and he gives the labor leaders credit for having educated and raised the standards of the workers. Seemingly the experience in the mining industry is very different from the experience in the metal trades.

Mr. BRIGGS. Quite so.

Commissioner WEINSTOCK. That would not apply to the metal trades?

Mr. BRIGGS. My observation in regard to the way these unions of the American Federation of Labor conduct their business is this—and I have attended many of them to plead on the part of the employer. I am on most friendly terms with a tremendous lot of union men, and I have appeared before those men many times. My observation is, Mr. Weinstock, that 90 per cent of their meetings are held either over or next door to a saloon, and you will find more men in the saloon than you do in the union meeting room of the American Federation of Labor unions. That is my observation. I have seen a tremendous lot of them, and when you go to Chicago, gentlemen, as I understand you are going over there, if you will look up the statistics in Chicago you will find a tremendous lot of these unions hold their meetings in that sort of a place, and it certainly is not the best place for any body of men to gather.

Commissioner WEINSTOCK. Your observations, though, lead you to believe intemperance has increased among union men rather than diminished?

Mr. BRIGGS. Yes, sir; I should give that as my opinion—among the Federation of Labor unions.

Commissioner WEINSTOCK. The miners are also members of the American Federation of Labor, are they not?

Mr. BRIGGS. Certainly they are.

Commissioner WEINSTOCK. Then that branch of the American Federation of Labor, according to the statements of Mr. Mitchell and Mr. Peabody, is undergoing a different process from the metal trades?

Mr. BRIGGS. Quite so; and I would not be surprised if that was brought about a little by that open-shop decision of that great body of men who settled that coal strike.

If I may be permitted a moment about that, you are all familiar with the anthracite coal strike; and I want to say I do not believe there was ever a body of men gotten together that was a more competent body of men to settle an industrial question than the body of men headed by Judge Gray, who handled that case. The employer was represented; the employee was represented by one of the best men there is in the world, Edgar E. Clark, a strong union conductor; Bishop Spalding was there for the clergy; and Carroll D. Wright was there for the public. The employer and the employee were represented. That decision to my mind, was a beautiful decision—ininitely better than you can get from any court, even the Supreme Court of the United States, because of the fact that the Supreme Court can not go into all those conditions. It is impossible to get all those conditions before the court. That commission went down into the mines and spent a week in matters of that sort. Judge Gray put on his overalls and jacket and spent a week down there getting at those conditions. Those are matters you can not present to a court. Then that agreement, that conclusion, was strictly an open-shop proposition, absolutely an open-shop proposition. I know some of those men that went into that agreement. The miners have been better off, according to Mr. Mitchell's own arguments here this morning, by virtue of that agreement.

Commissioner O'CONNELL. Did not that agreement provide for a minimum wage?

Mr. BRIGGS. I think the biggest part of that is piecework, according to his testimony.

Commissioner O'CONNELL. Did not they provide for a minimum wage—the least possible wage to be paid the miners?

Mr. BRIGGS. The agreement would speak better than any recollection of mine.

Commissioner O'CONNELL. Is not that one of the things in here which you say you will not arbitrate or agree to?

Mr. BRIGGS. Wages?

Commissioner O'CONNELL. The minimum wage.

Mr. BRIGGS. We arbitrate wages every time they ask us to do so.

Commissioner O'CONNELL. Do you not say here, in your "Outline of policy," that you include a minimum wage?

Mr. BRIGGS. To what article are you referring?

Commissioner O'CONNELL. In your "Outline of policy?"

Mr. BRIGGS. If you will refer to the article, I will endeavor to answer the question. While you are hunting that up I would like to finish this one thing:

The crisis in our efforts to work under this conciliatory agreement occurred in 1904. Immediately following a year's experience, I think, with the miners, under the decision of the coal-strike commission, which, as you know, was a purely open-shop decision, this occurred. I want to read one clause of that right into this record, if you will allow me to do so. The crisis was reached at that time. We had had 2,500 conferences and could not agree with that union, and we spent all of three weeks trying to get that union to arbitrate with us.

I suggested that there was a beautiful illustration, and I urged that union to join with me, or if they would not join with me I myself would personally secure on behalf of our association either President Roosevelt, Elihu Root, or any other member of the Cabinet; and if we could not get them we would go on down the line of the Supreme Court and the United States Senators until we secured some men who were disinterested to come in and settle this matter for us. There was a question of an eight-hour day involved, but I did not confine myself to working eight hours a day by any means. I worked all day and good many nights for a good many long weeks. I never worked so hard at anything in my life as I did to get these fellows to adopt that, and they would not do it. What are you going to do when you are running your plants up against that proposition? They will not arbitrate; they will not let a second man come in here.

Commissioner WEINSTOCK. You spoke about the association supporting a member in case of strike. What is meant by "supporting a member?"

Mr. BRIGGS. Help him out of his difficulty.

Commissioner WEINSTOCK. Financially?

Mr. BRIGGS. Yes; we help him. First, we pay a certain portion of the wages of these instructors whom I have defined and described; second, if that method is not adopted, frequently we help him secure his castings at some other shop and pay a portion of the extra expenses incurred thereby; third, while the shop is empty and no man in there we pay an agreed amount for idle floors. Those are the three methods of supports.

Commissioner WEINSTOCK. Sort of a strike insurance, practically?

Mr. BRIGGS. Yes, sir; strike assistance.

Commissioner WEINSTOCK. You also stated that you had a strike because you treated your apprentices too well. Was it that, or was it because you had, in the judgment of the unions, too many apprentices?

Mr. BRIGGS. I only know what the president of that union said to me—a Mr. Anderson. He told me the night before he went out. If you would like to listen to that controversy, I would be delighted to detail it; but I do not want to intrude upon you too much. It illustrates a case that occurred in 150 or 200 other shops at that time.

Commissioner WEINSTOCK. Have the technical schools relieved the situation in any way so far as apprentices are concerned?

Mr. BRIGGS. The tendency is that way, and they will relieve it up to a certain point, but they can not teach the trade in a technical school.

Commissioner WEINSTOCK. They simply shorten the apprentices' period?

Mr. BRIGGS. They will in a way. It is just as Mr. Peabody said on the stand here. He hit the nail right on the head. There are a tremendous lot of working men that do not get to the point of applying a technical education. The technical education applies very pronouncedly to the boy who has ability and ambition and the opportunity to get beyond the ordinary journeyman, but not to the boy who is satisfied with the journeyman's position. To illustrate, take a boy who has been a helper and who has done exceedingly hard work. His ambition, if he is a good bright boy, is to advance; he wants to become a journeyman. That is the goal of his ambition and when he gets there he is satisfied. To that boy a technical education does not appeal very much; and there are lots of those boys. In that respect, the vocational and technical both fall a little short. They do not reach the mark.

Commissioner WEINSTOCK. You pointed out that from your point of view the railroad brotherhoods are the model labor organizations?

Mr. BRIGGS. Yes, sir.

Commissioner WEINSTOCK. If they were all modeled after them, there would be little or no difficulty in employers dealing with organized labor?

Mr. BRIGGS. I believe it.

Commissioner WEINSTOCK. I do not know how correct my information is, but I was informed recently that 95 per cent of the railroad men—that is, the brakemen and conductors and engineers—are in the union?

Mr. BRIGGS. I am talking about four unions, the conductors', the engineers', the railway trainmen, and the firemen. The conductors and railway trainmen are represented by a most distinguished man on your commission here, representing one of the biggest unions in the country. I regret he is not here to-day. I would like to shake hands with him. These conductors and these enginemen are the best paid men in the world. Why not copy their tactics?

Commissioner WEINSTOCK. Evidently they are pretty nearly a closed shop. They have 95 per cent in the union unless my information is in error. Mr. Delano, can you tell us whether that is right or wrong?

Commissioner DELANO. I do not know the exact figure. It is very large. The railroads do not inquire whether a man is in or out.

Commissioner WEINSTOCK. They do exact the minimum wage, to which you object?

Mr. BRIGGS. If you get into the class of people interested in a certain line of work, and they are all alike and their ability is alike, the minimum wage is not objectionable. When you get to the ability and character of the man behind whom you and I are willing to risk our lives on these fast trains, you get a class that are entitled to the same pay. Technically applied, it is the minimum wage. They are picked men, the whole bunch of them.

Commissioner O'CONNELL. Oh, they go up according to their age and employment and seniority.

Mr. BRIGGS. But if they are not competent men and not men of good character and standing, the railroads do not want them. That is one of the provisions of their agreement, that a man must not be drunkard. They will not have him in the union if he is a drunkard. They are working for the best interests of those gentlemen.

Commissioner O'CONNELL. I know; but you say they pick all the men running their fast passenger trains; that they are all picked men. I do not know how many have not gone up according to their seniority, but I will venture to say 95 per cent of them are men who have gone right up. They are not picked especially for that work.

Mr. BRIGGS. When were they picked? When did they go to work for the road?

Commissioner O'CONNELL. It is based upon that time, and upon seniority.

Mr. BRIGGS. But they are picked when they are hired by the road. If one of those men back at that time, when he starts in for that road, is not the right kind of a man he can not get in in the first place. He can not get into the Brotherhood of Locomotive Engineers and Enginemen and Firemen. I know a tremendous lot of those men personally and have discussed this question with them, and am advised by them, by men whom I believe tell the truth every time, that anywhere along the line that they enter that union, if they become dissolute and do not attend to business and are not on time when they ought to be the union fires them. I know those men that have said that, but, of course, I could give no names.

Commissioner O'CONNELL. If they fired all the men on a railroad not on time we would not have any railroads to-day.

Mr. BRIGGS. What I mean by saying "on time" is that when a train is scheduled to leave at 6.45, that man is there at 6.45. I am not talking about his arrival; I am talking about his start. The conductors and enginemen are on the job to a greater degree than any other bunch of men in the world. I make that statement unqualifiedly, and I can prove it to you if it is necessary.

Commissioner O'CONNELL. Nobody questions that.

Commissioner WEINSTOCK. I can see now why you object to a minimum wage. You do object to paying a minimum wage to men who are not worth a minimum wage?

Mr. BRIGGS. That is the point, exactly.

Commissioner WEINSTOCK. Under your New York agreement did the employer reserve the right to discharge an employee any time that he pleased, or was he restricted in that? I am not speaking of the nonunion man, but the union man.

Mr. BRIGGS. We could not reserve any rights about anything there.

Commissioner WEINSTOCK. You had to take whatever men they furnished you, regardless of their merit? You had no voice in the selection of the men?

Mr. BRIGGS. We had a voice to this extent: If there was the least disagreement occurred between a member of the foundry association and a molder which those two men could not settle, then the National Founders' Association and the iron molders' union would come in and attempt to settle it. We had no way to settle that. We could sit around a table and discuss it. I have been

around the world several times discussing those questions. We would discuss the question here, and then in Baltimore, and then in New York, and then in Philadelphia, and it would be the same thing right over and over again. We could not settle anything.

Commissioner WEINSTOCK. If you employed a union man and found he was unfit, did you not have the right to discharge him?

Mr. BRIGGS. We claimed to have the right, but if we did discharge him our shops were struck. That is my point, exactly.

Commissioner WEINSTOCK. So you were forced to keep incompetent men and pay them the minimum wage?

Mr. BRIGGS. Yes; the union dictated the running of the shop under those union conditions. If I had time, I would like to detail a lot of those things.

Commissioner O'CONNELL. I notice in this "Outline of policy," or constitution and by-laws, several headings here—limitation of output, limitation of a man's earning capacity, fines and restrictions, methods of employment, freedom of employment, relation of employee, apprentices, apprentices again, strikes and lockouts, arbitration, method of arbitration, and down here we come to wages—all of these several headings here, of which you assume your association itself to be the absolute judge and which they say they will not arbitrate and will not submit to arbitration with the employee. All other things, apparently, you are willing to submit to arbitration. What is there left to be submitted to arbitration after those?

Mr. BRIGGS. About 95 per cent of all that exists in relations of employer and employee is wages and hours. Every honest man in this world is looking for pay day. It is the amount of money he gets in his envelope that interests him; that is what supports his family; that is what he is working for; that is what you and I are working for. We are ready to arbitrate that every time. But whether I have a right to employ my own boy in my shop is a question I do not think any man ought to ask me to arbitrate. I believe the Constitution of the Federal Government and of every State in which we live guarantees me that right. I can cite case after case where proprietors have absolutely been refused the opportunity of putting their own men in their own shops.

Commissioner O'CONNELL. Can you cite me one State—about the State protecting the apprentice?

Mr. BRIGGS. I will. Take Indiana, Massachusetts, and Alabama. If the commission would like an abstract of that, I would be very glad indeed to produce it.

Commissioner O'CONNELL. Providing for the protection of apprentices and the number of apprentices employed?

Mr. BRIGGS. Not the number, but the manner in which the apprenticeship shall be conducted, defined specifically.

Commissioner O'CONNELL. Speaking of the number of apprentices, you say that, in your opinion, somebody shook dice for it?

Mr. BRIGGS. That is what I have been told. I did not give that as my opinion. I am quoting somebody.

Commissioner O'CONNELL. Would you mind telling us who that was?

Mr. BRIGGS. Mr. Valentine told me once, and Mr. Keough told me again, and John Campbell told me. Three members of the Stove Founders' Defense told me that.

Commissioner O'CONNELL. Has the founders' association, either itself or in conjunction with any other association, maintained and established an employment agency in a town where all employees of their factories must go to seek employment?

Mr. BRIGGS. No, sir.

Commissioner O'CONNELL. Have they at any time?

Mr. BRIGGS. No, sir; they never did.

Commissioner O'CONNELL. You spoke about the federation organizations. I suppose when you mentioned the federation organizations you meant organizations that are affiliated to the federation and not the federation?

Mr. BRIGGS. I mean those constituent organizations which compose the American Federation of Labor, which, I understand, amount to 119.

Commissioner O'CONNELL. You spoke of the unlawful things that they do—if they would live within the law—and apparently conveyed the idea that they are doing something unlawful. Have you any particular thing in mind that you class in that category of unlawful things?

Mr. BRIGGS. It is an unlawful thing for a union to come and compel me to discharge a man because he has not paid his dues. It is an unlawful thing for

a man to compel me to discharge an apprentice because I have got more than the union ratio.

Commissioner O'CONNELL. Where is there any such law as that?

Mr. BRIGGS. I am talking about your American Federation of Labor that says that. You ask—if I understand correctly; and if not, I beg your pardon—to state cases where they insisted upon things that were unlawful. My answer is that it is unlawful for the American Federation of Labor to demand of me the discharge of any man—

Commissioner O'CONNELL. Who makes it unlawful? Where is the law that says it is unlawful to do such a thing?

Mr. BRIGGS. The Federal Constitution of the United States says so. It guarantees to you and to me that we can employ anybody we please. It has been decided time and time again, and, if this commission would like to have me do so, I shall be very glad to furnish them with a number of cases where the question of the closed shop has been decided to be strictly unlawful. I should be glad to furnish you a number of them, if you would like to have them.

Commissioner O'CONNELL. Yes.

Mr. BRIGGS. Understand, gentlemen, that we are here in the greatest spirit of friendship to this commission. We have been invited here, and we have come here in that spirit and the records of this association are an open book from start to finish. Whatever you want is yours.

There is one point here which I want to touch upon—or two points—before we adjourn, if I am not to be permitted to testify hereafter.

When I came here, the invitation which was extended to me stated that the iron molders' union would go on first, and at the outset was just a trifle disconcerted because I was put on first. I expected that I would have an opportunity, probably, to confine myself more directly to some of these issues. In that respect I apologize, because I have wobbled and wandered from subject to subject. If I am not unjust and unfair about the matter I would like an opportunity for our association to be represented here at some later date. I do not ask to have that hearing immediately after the iron molders' union has testified, or anything like that, but I do feel that this great, big body of men—there are some 550 in this association, and they employ at least 450,000 men, and we have 80,000 molders involved, and for every molder in the country there are from 12 to 15 men dependent upon getting that casting, machinists, pattern makers and men of that sort, and they employ at least 450,000 men—I do feel that we have had considerable valuable experience, and that we would like to dish it up to you if you would like to hear it.

Commissioner O'CONNELL. I do not think there is any question but what the commission would be glad to hear from your association later, at any time. I think there is no question about that.

You were speaking about the very small percentage of organized people, or the people represented, as against the great mass of unorganized people; in other words, the smallness of the right of the organized people to speak. I note from your own statement here that there are, you say, about 550 shops represented in your association out of a possible 6,000. I suppose the 6,000 are somewhat represented in the expression of your association—the things you speak for—as probably the nonunion men would be represented in the same way by the union men. What is the difference in percentage, to the totals, as to the right of one to speak for the other? Is there a great discrepancy, as compared with the total in your association, for the number that your association represents, the same as the discrepancy to which you refer concerning the number that the other side represents?

Mr. BRIGGS. I am not entirely sure as to what the other side represents. I would hardly be competent to answer that question directly. It would be a mere matter of opinion, you know.

Commissioner O'CONNELL. I do not want to carry that question any further. I just wanted to bring it out in the record. I will look it up later myself. You said something that interested me very much when you spoke about overtraining your apprentices. If there is anything that I take great pleasure in, and have taken great pleasure in, during my experience of many, many years, it is in looking out for the apprentice boys, to see that they get some protection, and that the contracts provide for it. I am intensely interested in the method you must have adopted to overtrain your apprentices.

Mr. BRIGGS. Nothing would please me so much in this world as to have the attention of this commission for about an hour and a half to detail that whole

proposition to you and to submit it to you, and to submit to you what I believe to be the ideal contract. It would give me a great deal of pleasure to do that.

Commissioner O'CONNELL. Following that you said a strike resulted—as a result of that overtraining?

Mr. BRIGGS. Yes.

Commissioner O'CONNELL. That was in 1901, when the machinists' strike took place?

Mr. BRIGGS. Yes.

Commissioner O'CONNELL. Do you mean to convey the idea that the machinists' strike was the result of overtraining apprentices?

Mr. BRIGGS. That is the only excuse they gave me for striking in my shop. I would love to detail that, too, before this commission.

Commissioner O'CONNELL. No; it is not necessary at this time.

That is all.

Mr. BRIGGS. There are two points here that I do want to touch upon before you adjourn. I do not want to intrude on the commission, but I do want to say a few words on the question of hours.

There was a time in this country when workmen were working long hours. There is no question about that; everybody admits that. There was a time when men worked 12 hours and 14 hours a day, and 16 hours a day, and all that sort of thing. That was wrong; that was absolutely wrong. But be it said to the credit of the foundrymen, whom I represent at this time, that they were among the very first to reduce the number of hours, and I believe that the hours now are down to a consistent point.

Judged by the conversation around this table and the conversation which you hear upon this subject, there seems to be a disposition on behalf of the American Federation of Labor to recommend, and, in certain cases, to insist upon a certain schedule of hours for all trades and all industries. Just now the number of hours which we hear of mostly is eight hours.

My observation is, and I think I have had a considerable opportunity to observe both sides of this question, as I have spent about half of my life as an employer and about half as an employee. I have worked on both sides. It has been my business since I was 17 years old to deal with labor, individually and collectively, all the way from three or four men to very large quantities. Therefore I say that I have seen both sides of this question, and I want to say this, that I think it is a great injustice for the American Federation of Labor or any other organized body to insist upon any uniform schedule of hours as applying to all trades and industries.

For example, examine any of our big factories which you and I have had to do with, and you will find quite a large number of classes of trade. You go into the office and you find bookkeepers and draftsmen, who are working in a stooped position and working with their eyes very intently all day. You go into the machine shop and you find men working at a lathe, all of the laborious work of which is done by power. Even the old-fashioned way of running a crane to get a shaft into a lathe is done away with by pneumatic power and electric power.

That is all done for him, and it is the best thing in the world that could happen. He stands at his lathe, and he watches the operation of that tool, he sees that the tool which the tool-shop man supplies him is properly adjusted and that it is doing its work properly, and that constitutes his day's work.

Now, my point: Ten hours' work on that machine is not so enervating, does not require so much sacrifice of energy and health as eight hours in the drafting room. I have taken those two extremes for purposes of illustration. I do think that there should be a differentiation here; that it should be considered by classes. Take the cases of the men in the mines, whom we have been hearing about to-day. The man who works in one of those mines, improperly ventilated, without sufficient fresh air, without light, works in a condition where it is infinitely worse for him to work 8 hours than it is for the machinist I have described to work 10 hours. I do think that there ought to be a differentiation there.

One word more and I am through.

Commissioner WEINSTOCK. What are the hours at present in the metal trades?

Mr. BRIGGS. They run, for the different classes, from 8 to 10 hours.

Commissioner WEINSTOCK. What is the average?

Mr. BRIGGS. This is merely my opinion. It is difficult for me to state off-hand. I think there are some Government statistics on this that would be very much more reliable than any statement that I might make.

Commissioner WEINSTOCK. I thought perhaps you had the information at hand.

Mr. BRIGGS. I have not got it at my tongue's end. I am sorry to say that I have not. I think it is around nine hours.

There is just one more point, gentlemen, that I want to make here before I stop talking, and that is: I want to bring before this commission the fact that you are considering the conditions, the well-being, the uplifting, if you please, of at least 90 nonunion men when you are considering 7 union men. I think that should be taken into consideration.

Commissioner O'CONNELL. This commission is considering the welfare and the uplifting of all the people—not union or nonunion men.

Mr. BRIGGS. Accepted. And do not forget that; do not forget that responsibility.

Commissioner O'CONNELL. This commission is not provided for union or for nonunion purposes.

Mr. BRIGGS. I am glad to hear that statement; I am exceedingly glad to hear that statement. I hope that will prevail.

Commissioner O'CONNELL. Did you come here with the idea or the understanding that this commission was appointed on the question of union or nonunion—

Mr. BRIGGS. I did not come here with that understanding, but the character of the discussion has been such, and the discussion has gone to such an extent that I really thought perhaps that entered into your deliberations. However, if I have misunderstood, I apologize heartily.

Commissioner O'CONNELL. I do not want you to apologize to me, I am sure; but I think your peculiar way of expressing yourself has led us, or at least has led me, to believe that you were here on the "anti" side of the proposition.

The ACTING CHAIRMAN. Is that all, Mr. Briggs?

Mr. BRIGGS. It is all, barring this: That I would love to have an opportunity to be permitted to come before this commission at some future time, at your convenience, and at any time and place you may name, provided our association would like to appear before you.

The ACTING CHAIRMAN. The commission will now adjourn until to-morrow at 10 o'clock, when we will hear Mr. Valentine.

(Whereupon an adjournment was taken until to-morrow, Tuesday, April 7, 1914, at 10 o'clock a. m.)

WASHINGTON, D. C., *Tuesday, April 7, 1914.*

The commission met at 10 o'clock a. m. in the assembly room of the Shoreham Hotel.

Present: Commissioners John R. Commons (acting chairman), Mrs. J. Borden Harriman, Frederick A. Delano, Harris Weinstock, S. Thruston Ballard, John B. Lennon, and James O'Connell.

Present also for the commission: Mr. W. O. Thompson, counsel; Mr. W. Jett Lauck, managing expert; Mr. George E. Barnett, special investigator; Mr. B. M. Manly, superintendent Division of Industrial Investigations; and Mr. F. H. Bird, superintendent Division of Public Agencies.

The ACTING CHAIRMAN. Mr. Barnett will conduct the interviewing this morning. Whom will you call for your first witness, Mr. Barnett?

Mr. BARNETT. I will call Mr. Valentine.

TESTIMONY OF MR. JOSEPH F. VALENTINE.

Mr. BARNETT. Mr. Valentine, will you state your name, address, and position?

Mr. VALENTINE. Joseph F. Valentine; president International Molders' Union; Cincinnati, Ohio.

Mr. BARNETT. How long have you been president of the molders' union?

Mr. VALENTINE. Since 1904, I think; vice president since 1890.

Mr. BARNETT. So you have been acquainted with the history of the New York agreement of 1890?

Mr. VALENTINE. Very well.

Mr. BARNETT. You were at that time an official of the International Molders' Union?

Mr. VALENTINE. I was first vice president at that time.

Mr. BARNETT. Will you tell the commission, Mr. Valentine, the essential difference in the character of the agreement with the National Founders' Association, and the agreement with the Stove Founders' National Defense Association?

Mr. VALENTINE. You want to know the essential difference?

Mr. BARNETT. In the form of the agreement; yes.

Mr. VALENTINE. In the agreement which we have with the Stove Founders' National Defense Association we adopted different tactics entirely in approaching the questions which have caused a disagreement between the representatives of the National Founders' Association and the Iron Molders' International Union.

In 1890 there were representatives of the stove manufacturers and representatives of the molders' union got together for the purpose of formulating an agreement. A discussion on the various matters affecting the interests of each was had; I suppose there were three or four days occupied in that way. At that conference we adopted that agreement, or an agreement which we call a conference agreement, under which it was provided that in case of dispute in a shop we would approach each other with a view of conciliating the differences between us; and with that, we adjourned for that year.

The next year we met again, and during the interim both sides, of course, had had something to say. The next year we approached questions that had arisen during that year, and we then made another conference agreement covering the different points that had arisen.

We have met continuously; I think I am safe in saying we have held about 20 meetings in the 24 years we have had an agreement with that association. There have been differences of opinion, but both sides have, in adjourning the conferences, agreed to take the matters under consideration, and the following year we usually got to an agreement on some of the points. In some instances, of course, we did not accomplish that. But, to show the policy of the two associations in approaching these questions, we have gotten along for 24 years under that agreement without a strike in a stove shop.

There have been as great differences between us as there would be between the National Founders' Association and the representatives of the molders' union. The only trouble with the National Founders' Association is that they had a sort of "outline of policy" that they wanted to cram down everybody's throat forthwith, without any discussion whatever. That is the difference between the two. I have a list here of conference agreements that have been adopted from time to time between the representatives of the Stove Founders' National Defense Association and the molders' union. They are here, and can be made a part of the record.

Mr. BARNETT. We would be glad to have that.

(The list of conference agreements referred to by the witness was filed with the commission by Mr. Valentine, marked "Valentine Exhibit No. 1.")

(Valentine Exhibit No. 1, "Conference Agreements in force and ruling between the International Molders' Union of N. A., and The Stove Founders' N. D. A., January 1, 1913," was submitted in printed form.)

Commissioner WEINSTOCK. What is the name of that defense association which you mentioned?

Mr. VALENTINE. The Stove Founders' National Defense Association.

Commissioner WEINSTOCK. What does that cover?

Mr. VALENTINE. That covers the stove and heater industry exclusively.

Commissioner WEINSTOCK. What is the other association?

Mr. VALENTINE. The National Founders' Association.

Commissioner WEINSTOCK. That is a different association?

Mr. VALENTINE. A different association entirely.

Mr. BARNETT. Was the original agreement with the National Founders' Association identical with that of the Stove Founders' National Defense Association? Was it identical, or substantially so?

Mr. VALENTINE. Yes. I might say substantially so. That is the old agreement.

Mr. BARNETT. The New York agreement was in 1890, was it not?

Mr. VALENTINE. No; 1899.

Mr. BARNETT. I mean the Stove Founders' National Defense Association agreement.

Mr. VALENTINE. 1890, yes.

Mr. BARNETT. Was there any substantial change made in the agreement in 1891 with reference to the settling of wage rates?

Mr. VALENTINE. No; just simply the question of—

Mr. BARNETT (interposing). Suppose I put it this way: At the present time how are wage rates fixed between the Stove Founders' National Defense Association and the molders' union?

Mr. VALENTINE. It is almost piecework under the Stove Founders' National Defense Association agreement, and we have what is known as a board price; that is, the base price. From year to year we discuss the advisability of adding percentages to that base rate, or taking from it, in the shape of a 10 per cent advance or a 5 per cent advance, or vice versa.

Mr. BARNETT. So every piece rate in the United States in the union stove shops is fixed practically at the annual conference?

Mr. VALENTINE. The percentages are fixed.

Mr. BARNETT. The percentage is fixed?

Mr. VALENTINE. Yes.

Mr. BARNETT. Was any such arrangement for the fixing of the national rate made with the founders' association?

Mr. VALENTINE. No; not at that time. The New York agreement was patterned much after the agreement with the stove men, and it was thought the we could eventually reach the same decision as we had with the defense people.

Mr. BARNETT. That is, as to the national rate?

Mr. VALENTINE. Yes.

Mr. BARNETT. And you reached that with the defense people in 1891?

Mr. VALENTINE. We did not reach it in that way. The first percentage that we asked for was in 1898. We went along with the question of taking up grievances that arose in the shop, and then in 1898 we succeeded in getting an advance of 10 per cent, and it applied all over the country to all members of the association, and the independent manufacturers granted the same rate, too. Since that time we have obtained an additional 20 per cent advance, or 25 per cent, I believe it is.

Mr. BARNETT. The conference had power, from 1891 on, to make such an advance, did it not? This annual conference, from 1891 on, had power to fix the national rate of wage?

Mr. VALENTINE. There is a conference committee. Both sides are represented by six men, or five men, as the case may be, and that total number of men comprising that committee have the right to fix rates of wages for the country.

Mr. BARNETT. Are those rates substantially identical throughout the United States, or do they differ in different parts of the country?

Mr. VALENTINE. They are practically identical; that is, they may differ in percentages, but the base rate, when that is taken into consideration, is the same. For instance, in the stove shops of Detroit we have what might be termed an even dollar. That is the base rate. The percentage in summer, in Detroit, is this: If a man earns a dollar, he gets a 70-cent bonus. In Cleveland or in Cincinnati, we have the dollar base rate, but the man only get a 85-cent bonus. The reason for that is that the base rate is lower in one place than in another.

Mr. BARNETT. But the real rate of wages is the same?

Mr. VALENTINE. Just about the same.

Mr. BARNETT. Is there any difference between the Pacific-coast rate and that in the East?

Mr. VALENTINE. Not any in the rate. We have the 35 per cent, and they are just about the same as we have through the East.

Mr. BARNETT. But is that a basic rate? Was that equalized with the basic rate? Is that practically equal with the basic rate in the East?

Mr. VALENTINE. Just about the same.

Mr. BARNETT. So, that there is, through the United States as a whole, a substantially identical rate for stove molders?

Mr. VALENTINE. About so; yes.

Mr. BARNETT. And that kind of an arrangement was never worked out with the National Founders' Association?

Mr. VALENTINE. No.

Mr. BARNETT. Was there any attempt to work out a national rate—any discussion of it?

Mr. VALENTINE. Yes; it has been discussed time and again, but the representatives of the National Founders' Association take a positive position on some questions which are involved; for instance, the making of castings by machines. The association's position on that question was this: That the ma-

Mr. BARNETT. Will you tell the commission, Mr. Valentine, the essential difference in the character of the agreement with the National Founders' Association, and the agreement with the Stove Founders' National Defense Association?

Mr. VALENTINE. You want to know the essential difference?

Mr. BARNETT. In the form of the agreement; yes.

Mr. VALENTINE. In the agreement which we have with the Stove Founders' National Defense Association we adopted different tactics entirely in approaching the questions which have caused a disagreement between the representatives of the National Founders' Association and the Iron Molders' International Union.

In 1890 there were representatives of the stove manufacturers and representatives of the molders' union got together for the purpose of formulating an agreement. A discussion on the various matters affecting the interests of each was had; I suppose there were three or four days occupied in that way. At that conference we adopted that agreement, or an agreement which we call a conference agreement, under which it was provided that in case of dispute in a shop we would approach each other with a view of conciliating the differences between us; and with that, we adjourned for that year.

The next year we met again, and during the interim both sides, of course, had had something to say. The next year we approached questions that had arisen during that year, and we then made another conference agreement covering the different points that had arisen.

We have met continuously; I think I am safe in saying we have held about 20 meetings in the 24 years we have had an agreement with that association. There have been differences of opinion, but both sides have, in adjourning the conferences, agreed to take the matters under consideration, and the following year we usually got to an agreement on some of the points. In some instances, of course, we did not accomplish that. But, to show the policy of the two associations in approaching these questions, we have gotten along for 24 years under that agreement without a strike in a stove shop.

There have been as great differences between us as there would be between the National Founders' Association and the representatives of the molders' union. The only trouble with the National Founders' Association is that they had a sort of "outline of policy" that they wanted to cram down everybody's throat forthwith, without any discussion whatever. That is the difference between the two. I have a list here of conference agreements that have been adopted from time to time between the representatives of the Stove Founders' National Defense Association and the molders' union. They are here, and can be made a part of the record.

Mr. BARNETT. We would be glad to have that.

(The list of conference agreements referred to by the witness was filed with the commission by Mr. Valentine, marked "Valentine Exhibit No. 1.")

(Valentine Exhibit No. 1, "Conference Agreements in force and ruling between the International Molders' Union of N. A., and The Stove Founders' N. D. A., January 1, 1913," was submitted in printed form.)

Commissioner WEINSTOCK. What is the name of that defense association which you mentioned?

Mr. VALENTINE. The Stove Founders' National Defense Association.

Commissioner WEINSTOCK. What does that cover?

Mr. VALENTINE. That covers the stove and heater industry exclusively.

Commissioner WEINSTOCK. What is the other association?

Mr. VALENTINE. The National Founders' Association.

Commissioner WEINSTOCK. That is a different association?

Mr. VALENTINE. A different association entirely.

Mr. BARNETT. Was the original agreement with the National Founders' Association identical with that of the Stove Founders' National Defense Association? Was it identical, or substantially so?

Mr. VALENTINE. Yes. I might say substantially so. That is the old agreement.

Mr. BARNETT. The New York agreement was in 1890, was it not?

Mr. VALENTINE. No; 1899.

Mr. BARNETT. I mean the Stove Founders' National Defense Association agreement.

Mr. VALENTINE. 1890, yes.

Mr. BARNETT. Was there any substantial change made in the agreement in 1891 with reference to the settling of wage rates?

until this conference was held, for the reason that had we agreed to that change in the New York agreement it would have been injurious to both sides. Our men may have demanded an advance of a dollar a day or two dollars a day, and if the policy was a good one all our men would have to do would be to say, "We want \$2 a day advance," and the foundry men would have to concede it pending the conference. We felt that that was a wrong position. If our men made a demand, then the conference would determine whether they would be entitled to that advance or not. That, in itself, has really caused the parting of the ways between the two associations. That is the main point.

Subsequently, while the strike was on, we had the question in conference as to whose position was correct, and the officers of the association agreed with the officers of the molders' union that the position of the molders' union was correct; and that is in writing.

Mr. BARNETT. What was the difference between the National Founders' Association and the molders' union with reference to the machines?

Mr. VALENTINE. Our position is that if any improvement is brought into the shop to make castings, we recognize it and we want to improve upon the improvement if we can. We want our men to operate these molding machines under a day's rate, or a piece rate, whatever it might be. The position of the association is, as I stated before, that it is the product of the machine shop and we have no right to discuss it with them. It simplifies and takes away some of the skill, and it may deprive a number of our men of employment; but they would not discuss that with us at all.

Mr. BARNETT. Have you a national rule, a molders' union rule, with reference to the introduction of molding machines?

Mr. VALENTINE. Only except this, sir. We say, "This piece, the price of it is 10 cents, made under a certain condition." A machine is brought in to make that with, and we say to the employer, "That is 10 cents, the base price is that." "That machine enables the molders to make two where they formerly made one." Our position, then, is that it is 5 cents; that is our position, that it is only worth 5 cents; that is all.

Mr. BARNETT. That would mean, then, that the day rate or the remuneration for the molders should be maintained on the machine?

Mr. VALENTINE. Yes; if we made 100 by hand and 200 by machine I think we ought to get the same rate that we get by hand, because the employer gets a great big output.

Mr. BARNETT. Have you the constitution of the molders' union with you?

Mr. VALENTINE. Yes.

Mr. BARNETT. Can you read that clause to us?

Mr. VALENTINE. I don't believe I have one with me.

Mr. BARNETT. Will you file a marked copy with us?

Mr. VALENTINE. Yes.

Mr. BARNETT. What agreement have you reached with the Stove Founders' National Defense Association? You spoke of reaching an agreement with them as to the introduction of molding machines. What is the substance of that agreement?

Mr. VALENTINE. We have not really reached a definite agreement with the association, but at our last meeting at Atlantic City last December we discussed the question. I think we had discussed it for at least 10 years, and we have not reached any agreement. At the Atlantic City meeting we came very near to an agreement, so much so that both sides, both conferees, said this: "You think the molders can do this and that; appoint a committee of molders and let them go into our shops and see what you mean by your promises, etc., and then we will consider it."

Recently, within the last two weeks, we have reached an agreement with the stove foundry men of Taunton, Mass., covering probably a thousand pieces on the molding machine. We have gone into it, and we have succeeded in 12 shops in settling that question, and the next time we meet the representatives of the defense association, as we call it, we will come to an agreement, and it has taken us 10 years to do it.

Mr. BARNETT. In the meantime how have these machines, the operation of these machines been regulated, under what rules? Have the stove molders been using machines during those 10 years?

Mr. VALENTINE. Yes; the journeymen or the apprentices have been using them.

Mr. BARNETT. No handy men have been put on the machines in the stove-foundry shops, on the stove-molding machines?

Mr. VALENTINE. No.

Mr. BARNETT. Does the association desire to employ handy men?

Mr. VALENTINE. No; we have an agreement with the association that journey-men molders and apprentices shall be employed on the machines.

Mr. BARNETT. What is the character of the change that the defense association desires in the rules with reference to machines? You say the matter has been under discussion for 10 years; what kind of an agreement does this association desire?

Mr. VALENTINE. The question is as to output; that is all that is involved.

Mr. BARNETT. As to output?

Mr. VALENTINE. Output; that is all there is to it.

Mr. BARNETT. What is the contention of the association with reference to the output of the machines at the present time?

Mr. VALENTINE. Well, naturally the owner of the shop feels that the skilled man will not do justice to it, that a man less skilled, who has never had the experience or any opportunity to use skill, will do a greater output than the other man. That is the point of difference, but we have happily got over that.

Mr. BARNETT. How do they propose to remedy that in that agreement?

Mr. VALENTINE. Well, we have not reached the point yet where we can have an agreement on it, only locally. We just took, as I stated before, the basis, this piece being 10 cents, and we find that a man by the use of this machine could double the output; we have simply cut the piece price down one-half. Now, I want to say this for your benefit.

Mr. BARNETT. Yes.

Mr. VALENTINE. Machines in a foundry are not like machines in a machine shop. As a rule, machines in a foundry add to the burden of a man; it does not relieve him of hard work at all but it adds to his work. It eliminates some of the skill but it adds to his labor. Ordinarily he may have 100 shovels of sand to shovel in the mold, and he may have to shovel in 200 shovels of sand into a machine mold. It adds to his burden, it does not relieve him of any of the hard work at all.

Mr. BARNETT. Is there any difficulty in getting molders to go on the machines?

Mr. VALENTINE. There has been, and I think there are some molders now who hesitate to go onto molding machines if they can get other employment.

Mr. BARNETT. In the agreement with the Stove Founders' National Defense Association let us assume—as has been the case, I assume, in the history of the agreement—that there is a national rule of the union relating to conditions of employment, as, for example, an apprenticeship rule, and I suppose no agreement has been reached in the conference. Under those circumstances, what rule is applied in the shops of the members? Is the rule of the national union enforced?

Mr. VALENTINE. Yes; it was enforced in many instances.

Mr. BARNETT. Let me put it more concretely: Suppose at this convention of the molders' union the shop rule—that is, the rule regulating the use of molding machines—should be passed by the convention and should go through to the referendum, would that rule be enforced upon the members of the defense association in advance of its acceptance by the conference?

Mr. VALENTINE. We consider that an agreement reached with the Stove Founders' National Defense Association is above any decision that we might reach in the convention.

Mr. BARNETT. Above any rule reached in the convention?

Mr. VALENTINE. Yes; in fact our constitution says that the conference agreement takes precedence.

Mr. BARNETT. When was that clause put into the constitution?

Mr. VALENTINE. Years ago.

Mr. BARNETT. At the beginning of the conference?

Mr. VALENTINE. No; perhaps in 1895—somewhere along there or a few years afterwards.

Mr. BARNETT. Suppose the matter is one that has never been settled in conference agreement—about which there is no clause in the conference agreements—then the rule of the national union would not apply?

Mr. VALENTINE. No, sir.

Mr. BARNETT. It would not?

Mr. VALENTINE. No.

Mr. BARNETT. What was the difficulty between the defense association and the molders with reference to apprenticeships? You say there was a long discussion.

Mr. VALENTINE. I guess 10 years or more.

Mr. BARNETT. How was that worked out; what was the rule of the national union? Suppose we start out that way.

Mr. VALENTINE. In some places we had an apprentice ratio of 1 for the shop and 1 for every 8 journeymen employed, and in other shops there was only 1 apprentice to every 2 journeymen employed or maybe 3. We saw that condition, and we concluded that we ought to have some agreement upon it, so that we would have it uniform; but it took us 10 or 12 years to agree upon a ratio of 1 for the shop and 1 for every 5 journeymen. We submitted it to our membership, and the membership did not take kindly to it the first time, the second time, or, perhaps, the third time, but after a while they gave in; they agreed to it, and it is now one of the conference agreements that can not be changed. None of these conference agreements can be changed except by and with the consent of both parties to the agreement.

Mr. BARNETT. So that the conference agreement is the constitution?

Mr. VALENTINE. Yes.

Mr. BARNETT. Of the trade?

Mr. VALENTINE. Yes.

Mr. BARNETT. While this apprenticeship agreement was under consideration, I understand you, there was no national rule at that time?

Mr. VALENTINE. No, sir.

Mr. BARNETT. There was no rule of the national union?

Mr. VALENTINE. No, sir.

Mr. BARNETT. Now, during this period, were these local apprenticeship rules in force in the shops of the stove founders?

Mr. VALENTINE. Yes.

Mr. BARNETT. So that the local rule, then, would be enforced if there is no conference agreement on that point?

Mr. VALENTINE. No, sir—that is, you mean to say that the local unions make some changes in the rules?

Mr. BARNETT. No; I mean a point on which there is no clause in the conference agreement. At that time there was no clause in the conference agreement relating to apprenticeships—the ratio had not been fixed by the conference?

Mr. VALENTINE. No, sir.

Mr. BARNETT. As I understand you, a local union as, for example, the New York Molders' Union, if it had apprenticeship ratio, that ratio was in force in the shops of the stove founders—is that right?

Mr. VALENTINE. Yes; up to the time of the agreement.

Mr. BARNETT. So that if—at the present time—a local union had made a shop rule of any kind that would be enforced on the stove founders if there was no clause in the conference agreement regulating that matter?

Mr. VALENTINE. I do not quite grasp that.

Mr. BARNETT. Did you ever have any trouble with the local union rules on this agreement?

Mr. VALENTINE. A local union, it may desire to make some changes in the conditions in the shop, and so forth. It makes this demand, we will say; then it comes up to the national union, and the national union simply gives a decision that this matter shall rest until the next conference, and when the next conference takes place between the two associations, then we thrash that out and come to an agreement upon it.

Of course there may be differences arise between the molders as to the interpretation of some of the conference agreements, and that being so, there is a representative of the two associations that visits the locality where the disagreement exists and takes them up for adjustment, and those two officers have the authority to adjust it.

Mr. BARNETT. Is there any appeal from their decision?

Mr. VALENTINE. Except what is known as the conference committee, consisting of three manufacturers and three representatives of the union; we have never had to appeal to that court but once, and when we did appeal the conference agreed that the employer was wrong.

Mr. BARNETT. Have you any provision for arbitration in case the conference committee can not reach an agreement?

Mr. VALENTINE. No; we have simply an even number, conciliation.

Mr. BARNETT. Do you find that to work satisfactorily?

Mr. VALENTINE. Very.

Mr. BARNETT. You do not think it necessary to provide any such agreement for arbitration, as Mr. Mitchell thinks—did you hear Mr. Mitchell's testimony?

Mr. VALENTINE. Yes. I will say in addition to that that I do not believe that a doctor or a lawyer or somebody else could settle our troubles in this foundry. It usually arises that there is a little difference in this pattern from the other. We know the two representatives of the association can agree upon that. They may not agree this year, but they will next. If there is a difference in the piece, there may be a difference in price. We have this piece, 10 cents. A new pattern comes in, and we take this as a basis and put a price on that; there may be a difference of 2 cents. After we get into conference and reach a decision, if the molder wins the decision the employer gives him the money on his next pay day. If we lose out, we have to pay it to the other fellow; the molder never loses anything; he works right along.

Mr. BARNETT. How does that start at the bottom in any factory? Suppose a new stove comes in, who makes the first prices?

Mr. VALENTINE. The committee in our shop and the foreman of the shop.

Mr. BARNETT. And if they disagree?

Mr. VALENTINE. Then it is referred to the two associations.

Mr. BARNETT. Mr. Hogan and Mr. Kehoe?

Mr. VALENTINE. Some of us; there are six or seven of us.

Mr. BARNETT. How much time does that take, Mr. Valentine?

Mr. VALENTINE. I don't know; I have known some instances where it took three or four months to settle the price.

Mr. BARNETT. No; I mean the number of cases going up to the secretary of the defense association?

Mr. VALENTINE. I could not say just how many.

Mr. BARNETT. Does it take a great deal of time?

Mr. VALENTINE. In some cases it does not take a great deal of trouble and does not take much time; it depends upon the employer and the molder. When you get two men together and both of them very pugnacious, and they do not agree regularly, we have to give them time to cool off, and eventually they cool off and we get down to facts. We have not had any strikes in the shops in 24 years, so it shows that everything has been handled pretty well.

Mr. BARNETT. In reference to the attitude of the molders' union and the National Founders' Defense Association since 1904—since the break in 1904—what part of the shops in the National Founders' Defense Association were union shops—open or union members?

Mr. VALENTINE. I could not say.

Mr. BARNETT. Has the molders' union had much trouble in shops of the National Founders' Defense Association since 1904?

Mr. VALENTINE. In some; yes.

Mr. BARNETT. In some?

Mr. VALENTINE. Yes; we to-day have verbal understandings or agreements with some of the members of the association employing the largest number of molders. We go along on the even tenor of our way and meet the foundry man and he sits down and talks to us. We never ask the question, "Are you a member of the association or not?" We never ask that question.

And I might say right here, for the benefit of the record, at least, that in all of our negotiations with the Stove Founders' National Defense Association the question of the union has never been mentioned; there is nothing in the agreement that it shall be an open shop or a union shop, and we have ninety-odd per cent of the stove molders of this union organized, and the word "union" has never arisen between us at all.

Mr. BARNETT. As a matter of fact, what part of the shops of the Stove Founders' National Defense Association are thoroughly organized?

Mr. VALENTINE. Well, of course they are very nearly all organized; there may be one or two that are not, but that is due to local conditions.

Mr. BARNETT. Are there some nonunion men working in all of these shops?

Mr. VALENTINE. No.

Mr. BARNETT. Some of the unions enforce the closed shop?

Mr. VALENTINE. I do not know what you mean by that.

Mr. BARNETT. I mean they will not work with men who do not belong to the union.

Mr. VALENTINE. We do not recognize a closed shop. We refer to a union shop or a nonunion shop.

Mr. BARNETT. What do you mean by a union shop?

Mr. VALENTINE. As I understand it, when the union secures a benefit for the molders who work in that shop we feel that the men working in that shop ought to contribute to the support of the organization. We never ask for the discharge of a man, but we might say we will not work with him; that is our right.

Mr. BARNETT. That is what the National Founders' Defense Association would call a closed shop?

Mr. VALENTINE. I suppose so, but I do not know what is meant by a closed shop. I never object to a man coming into our union who is competent and who wants to join with us. We have never blackballed anybody. We give them all a chance to live, but we feel that when we get a wage rate advanced that a man who works there with us should help to support the union that gets it for him.

Mr. BARNETT. Is the question as to whether or not the shops in a particular locality shall be open shops a question decided by the local union? Is that in the hands of the local union? Can a local union waive that rule, or is that a rule that holds in the union?

Mr. VALENTINE. Our local union can enforce a strike, or call a strike, without the consent of the national union—the executive board of the national union. We have no independent strikes. Oh, we might for a week or two or three days, and perhaps we have had men go out in the defense association for two or three days, but when we tell them to go back to work they go back to work.

Mr. BARNETT. So that the question as to whether or not there could be a strike for a union shop would be a question which would have to come up to the national executive board?

Mr. VALENTINE. That is right.

Mr. BARNETT. And there are some localities in which such strikes would be authorized and others in which they would not, according to local conditions?

Mr. VALENTINE. That would depend entirely upon the position taken by the executive board.

Mr. BARNETT. That finishes my examination, Mr. Chairman.

Commissioner WEINSTOCK. You were present yesterday, Mr. Valentine, when Mr. Briggs testified here?

Mr. VALENTINE. Yes.

Commissioner WEINSTOCK. I have jotted down here quite a number of statements made by Mr. Briggs, and I am sure that the other commissioners, in common with myself, would like to get your point of view on those statements, if you care to make answer.

Mr. VALENTINE. Well, there are one or two that I think I would like to say something about, because I think Mr. Briggs has made a mistake in one or two of them. I think so. Perhaps he is not as well posted as I was on them, and I would like to make a correction of one or two; and I think Mr. Briggs will agree with me.

Commissioner WEINSTOCK. If I mistake not, your document here reads as follows. This is a printed copy of the conference agreement in force and ruling between the International Molders' Union and the Stove Founders' National Defense Association. That is not the association that Mr. Briggs represents?

Mr. VALENTINE. No, sir.

Mr. WEINSTOCK. That is the one that you work with?

Mr. VALENTINE. That is the one that I work with.

Commissioner WEINSTOCK. Among other things, I see that clause 1 reads as follows:

"Resolved, That this meeting adopt the principle of arbitration in the settlement of any dispute between the members of the I. M. U. of N. A. and the members of the S. F. N. D. A."

I gather from this, then, Mr. Valentine, that your union stands for arbitration.

Mr. VALENTINE. In a sense, yes; we do—conciliation. We have never had any experience with arbitration.

Commissioner WEINSTOCK. Will you be good enough, then, to explain, for the information of the commission, in how far you stand for arbitration?

Mr. VALENTINE. Well, it is a question of the umpire. As I said before, I do not believe that a doctor or a lawyer, or anybody else, could settle our aches. It might be in a case where a lot of laborers or unskilled men got together and asked for an increase of wages of 5 or 10 per cent, and conditions warranted, and so forth, that they might settle it; but they could not settle anything in our shops, because they do not know anything about it.

Commissioner WEINSTOCK. Then what does that mean, that this meeting adopts the principle of arbitration in the settlement of any disputes between the members?

Mr. VALENTINE. A little further on you will see a statement about conciliation. I suppose the man who wrote that had that in mind—arbitration without the umpire.

Commissioner WEINSTOCK (reading): "That a conference committee be formed, consisting of 12 members, 6 of whom shall be iron molders appointed by the International Molders' Union of North America and 6 members appointed by the S. F. N. D. A., to hold office from January 1 to December 31 of each year.

"Clause 3. Whenever there is a dispute between the members of the S. F. N. D. A. and the molders in its employ, and the majority of the latter are members of the I. M. U., and it can not be settled amicably between them, it shall be referred to the presidents of the two associations before named, who shall themselves, or by delegates, give it due consideration. If they can not decide it satisfactorily to themselves they may, by mutual agreement, summon the conference committee, to whom the dispute shall be referred, and whose decision, by a majority vote, shall be final and binding upon each party for the term of 12 months. Pending adjudication by the presidents and conference committee, neither party to the dispute shall discontinue operations, but shall proceed with business in the ordinary manner. In case of a vacancy in the committee of conference, it shall be filled by the association originally nominated. No vote shall be taken except by a full committee or by an even number of each party."

Well, now, what happens, Mr. Valentine, if this conference is a "hung jury," and can not agree?

Mr. VALENTINE. We have had 24 years' experience, and we have never disagreed.

Commissioner WEINSTOCK. Let us assume that a case may arise to-morrow where you absolutely disagree. What would follow?

Mr. VALENTINE. I do not believe it is possible. You will notice that those agreements that you have read—one is made in 1890 and the other in 1891, and another in 1892 and another in 1893; and if you go along you will come to 1913.

Commissioner WEINSTOCK. Yes.

Mr. VALENTINE. So it shows that these matters always straighten themselves out. We never call in an umpire, because he can not do any good for us at all.

Commissioner WEINSTOCK. Evidently your interpretation of the meaning of the word "arbitration" and mine must differ, because you interpret the word "arbitration," I gather, to mean merely conciliation, and I interpret it to mean that where conciliation fails an umpire shall be called in.

Mr. VALENTINE. We have never had any experience with that, sir.

Commissioner WEINSTOCK. My reason for bringing up this point is this: I read here in clause 1 that you stood for the principle of arbitration in the settlement of any dispute between the members. Mr. Briggs yesterday, as you will remember, made the statement that during the five years in which the New York agreement was in force they could never get the molders' union to consent to arbitration. I wanted to reconcile Mr. Briggs's statement with this resolution.

Mr. VALENTINE. I heard Mr. Briggs make that statement, but if we gave our consent to arbitration there were only a few things we could arbitrate. The association's policy is that these seven or eight things which affect us they would not arbitrate.

Commissioner WEINSTOCK. There were certain things that they would not arbitrate, and there were certain other things that you would not arbitrate?

Mr. VALENTINE. Certainly. It was a matter of principle with us.

Commissioner WEINSTOCK. Then, evidently, the position of both sides was the same—theoretically, they agreed to arbitrate; practically, both sides refused to arbitrate; they on certain points, and you on certain other points?

Mr. VALENTINE. We have never taken up for decision the question of arbitrating. I am speaking as an organization. We felt that we may arbitrate, but if we are going to arbitrate we are going to arbitrate every point of disagreement, and not one of them or two of them.

Commissioner WEINSTOCK. I see.

Mr. VALENTINE. If we are to arbitrate, the other man has got to consent to arbitrate all the points, and not one or two of them.

Commissioner WEINSTOCK. Is there any copy available this morning of the New York agreement? Have you one, Mr. Briggs?

Mr. BARNETT. Here is one.

Mr. BRIGGS. I handed mine to the clerk.

Commissioner WEINSTOCK. It is a short agreement. Will you be kind enough to read it, Mr. Barnett? Just that paragraph that relates to arbitration.

Mr. BARNETT (reading): "That this committee of conference indorse the principle of arbitration in the settlement of trade disputes and recommend the same for adoption by members of the National Founders' Association and the Iron Molders' Union of North America on the following lines."

Commissioner WEINSTOCK. Now, read the lines, please.

Mr. BARNETT (reading): "That in the event of dispute arising between members of the respective organizations reasonable effort shall be made by the parties directly at interest to effect a satisfactory adjustment of the difficulty, and, failing to do which, either party shall have the right to ask its reference to a committee of arbitration, which shall consist of the presidents of the National Founders' Association and the Iron Molders' Union of North America and two other representatives from each association appointed by the respective presidents."

Commissioner WEINSTOCK. And it says something about the decision being binding, does it not?

Mr. BARNETT. Yes. [Reading:] "The findings of this committee of arbitration by a majority vote shall be considered final in so far as the future action of the respective organizations is concerned."

Commissioner WEINSTOCK. That agreement specifically outlines a method of settlement of all disputes by arbitration. It does so without any qualification. It does not say that certain things shall be submitted to arbitration while other things shall not be submitted to arbitration, but it uses a blanket statement there. That was the agreement; but, seemingly, from the statements made by yourself and by Mr. Briggs, that agreement was not carried out.

Commissioner O'CONNELL. That only provides for four. There is no umpire there.

Mr. VALENTINE. I was going to try to bring that out. I would like to have an opportunity to do that.

Mr. BARNETT. That word "arbitration" there used was used very vaguely at that time. It was frequently used to mean what we now understand by "conciliation." The science of the discussion of trade agreements had not gone as far as it has now, and it is possible that the word "arbitration" was used in that rather broad sense to include any peaceful settlement. You will find in other agreements drawn at the same time that the word is used in that broad way.

Commissioner WEINSTOCK. Then really if this agreement was made to-day, with the advanced knowledge that we have of handling labor disputes, the word "conciliation" would have been used where the word "arbitration" is used?

Mr. BARNETT. Yes; I think that is so, from the fact that no methods of arbitration are provided. I think that is what they had in view.

Commissioner WEINSTOCK. You see, then, that with our present point of view this thing is misleading.

Mr. BARNETT. Yes.

Mr. VALENTINE. I wanted, if you would permit me, gentlemen, to make that statement which has, however, been made clearly enough to suit me now.

I want to bring to the attention of the commission this one point: That we worked peaceably and harmoniously with the other association for 24 years with that exact agreement, without being changed at all; 24 years. Our agreements do not provide for an umpire. It is conciliation; that is what it means.

Commissioner WEINSTOCK. Mr. Briggs stated yesterday that in every case of a dispute—I think that was his exact language—in every case of a dispute the unions refused to arbitrate, so finally, in 1904, the employers abrogated the agreement. What is the answer to that statement?

Mr. VALENTINE. I think Mr. Briggs is mistaken in that statement. We have come to a point of disagreement; that may be true, but the reason is that there must have been some reasons why we disagreed. There might be some points that I can not recall now. I hardly think he can. Perhaps he may be able to do it. There were, however, some reasons for the disagreement. I do not know what they were. He said we had 2,500 conferences. I did not know that I had met him 2,500 times in different parts of this country. I did not know that.

Commissioner WEINSTOCK. Mr. Briggs made a further statement; I suppose, giving it as his individual opinion that he believes that individual bargaining will get for the workers, on the average, a better wage than collective bargaining. Will you give us your point of view on that, as a result of your experience as an organized-labor man?

Mr. VALENTINE. I can give you the experience of the organized labor in that direction by citing some cases. In Cincinnati, taking our own home city, our wages used to be \$2.25 a day when we only had 17 members. We might have now a thousand members, and our minimum rate of wages is \$3.50 a day with one hour less per day. We believe we got that through collective bargaining. It might be taken all down along the line. We do not believe that an individual can get any advance in wages or better shop conditions from an employer except under certain conditions. There might be two jobs for one man and the employer might want him real bad and he would do a thing temporarily that he would not do otherwise. That is our experience in the labor movement. If we wait for the average employer to give us shorter hours and increase our wages, we might wait until we come to the time when we have to shake hands with St. Peter.

Commissioner WEINSTOCK. Mr. Briggs also made the further statement that the unions do not come to the employer in a conciliatory spirit, but they come demanding limitation of apprentices, nonintroduction of machinery, closed shop, etc. Will you be good enough to make answer to that?

Mr. VALENTINE. We may have made demands upon the foundrymen for increase of wages and other things. Some people call them demands, and some of them call them requests. I think Mr. Briggs is right when he uses the word "demand," because that is what it means. But as to the things which he has mentioned, I do not know we had any occasion to make a demand for an apprentice ratio, because most of these shops that we struck in the year of which he speaks were union shops and employed the ratio of apprentices, and no man worked in those shops except he was a member of the molders' union. I do not see why we have any occasion to make a demand of that kind. What we did make demand for was an increase of wages. That was refused us.

Commissioner WEINSTOCK. As you will recall, Mr. Briggs also stated that he had a strike in his shop because it was stated by union men that he had treated his apprentices too well.

Mr. VALENTINE. I do not believe he meant that to apply to the molders. I think it was meant to apply to the machinists. A union that would strike a shop because the employer treated the apprentices too well ought to go out of existence. I think we are all trying to encourage the employer to teach the apprentices the trade and use them very well, indeed. The better he uses them, the better we like it. That is the policy of the molders' union, and I think it is the policy of the machinists' union. In fact, I know it is.

Commissioner WEINSTOCK. Another statement was that 2,500 conferences were held under the New York agreement from 1899 to 1904, and an effort to establish arbitration failed.

Mr. VALENTINE. As I said before, I did not know we had 2,500 conferences. We had a great many, of course.

Commissioner WEINSTOCK. I gather from what Mr. Briggs said that these 2,500 conferences include all the local conferences during that period.

Mr. VALENTINE. That is what I say. We did not have any national conferences. They were all local conferences. The question that was involved in the greater number of those conferences was the question of wages. The association injected into those conferences the proposition that, "We will do thus and so." In other words, "We will give you an advance in wages if you will agree to let us operate this machine with handymen, or if you will agree to increase the number of apprentices." That is the reason we did not get together in these conferences. That was the point of difference between us. If you figure them all up, or if Mr. Briggs figures them, you will find the great majority of those conferences were held on the questions of shorter hours of labor or increasing the pay.

Another thing that might have caused the difference was this: We recognize a minimum rate, and we will not allow any one of us to work under that rate, and that association or its representatives may have had this idea at the conference, "We will give you an advance in wages on this class of work if you will reduce to a minimum on this class of work." That we could not do. That might have been the point of difference.

To figure it all up, you will find that the demand or the causes which led to the conferences were due to the fact that we wanted an advance in wages, and it was that year that we could not find molders enough for the foundries of this country. The molders still believe that if we had not had any negotiations with the representatives of the National Founders' Association we could have gotten a much higher rate than we did; and I think Mr. Briggs will agree with

me on that point. We compromised many of these demands when we should have had all of them. The trade conditions were such as to justify us in doing it. I think the foundrymen of the country fared very well indeed in those conferences.

Commissioner WEINSTOCK. It was stated that about 85 per cent of the founders' association will not, since 1904, recognize organized labor.

Mr. VALENTINE. Who makes that statement?

Commissioner WEINSTOCK. Mr. Briggs.

Mr. VALENTINE. I think he has made a mistake in that—85 per cent. I will not say 85 per cent, but I think the majority of his membership now deal with the Molder's Union. I am not sure of those figures, but the largest corporations who are members of that association operate union foundries. I think that statement is very nearly correct.

Commissioner WEINSTOCK. If you were to make an approximate estimate of the members of the founders' association who do deal with and recognize organized labor, what percentage would you give?

Mr. VALENTINE. I could not say; but I will say this to you, Mr. Weinstock, and to the commission: The members of their association are not prevented, so Mr. Briggs stated yesterday, from dealing with us. Perhaps not in a written contract, but a verbal contract; that is the fact. I can go into the office of any member of the association that employs in large numbers and sit down and have a conference with him, and have always been able to do that. We never discuss the association. The foundrymen themselves abrogated that agreement, and without the conference with us and without telling us they wanted to do it. We say, "You have made your own bed; lie in it." We have never had anything to do with it; we have nothing to do with it.

I want to say, in addition, that we are ready and willing to meet them or anybody else on some fair ground where we can talk and do business. That has been the position of the molders' union.

Commissioner WEINSTOCK. Mr. Briggs also said the union fixed the number of apprentices arbitrarily, without being able to explain their ratio.

Mr. VALENTINE. Mr. Briggs did say yesterday—and I was rather amused, and perhaps I was the one that told it to him; I do not know—something about shaking dice. In some of our conferences he did ask how that ratio was reached of 1 to 5, and, probably in a joking way, I did say, "We shook dice for it, Briggs, and that is the way we got it." Perhaps he is right in that statement; maybe we did. I could not tell you how we get that ratio. Our organization was born in 1859, and it has been in existence ever since. I do not know what we did that many years ago. I am well up in years myself, but I do not go back as far as that.

Commissioner WEINSTOCK. There is no scientific basis upon which it is determined, is there?

Mr. VALENTINE. At that time it was 1 to 10, I think, or 1 to 12, and it was modified from time to time by discussion with the employers until it got down to 1 to 8. The representatives of the Stove Founders' National Defense Association said that that did not make molders fast enough to take the place of the old fellows that died or passed out. We said, "Make it 1 to 5," and we will try to reach an agreement on it, and we did. We think we are making molders fast enough. Mr. Hogan might be able to tell you that. He will be on the stand in a little while.

Commissioner WEINSTOCK. You say, Mr. Valentine, the ratio was reduced from time to time, from 1 to 10 in the beginning to 1 to 5?

Mr. VALENTINE. I think so.

Commissioner WEINSTOCK. And yet Mr. Briggs said that the number of apprentices allowed by the molders' union was such that the molders would be almost an extinct species in 20 years.

Mr. VALENTINE. I do not know where he gets his information. You may as well put this in the record, gentlemen, and I want to make this statement in connection with this apprentice question: It is not the apprentice question as such that is disturbing us so much. It is the abuse. There are many employers in this country who are making statements that we prevent the employment of the American boy and do not want to teach him the trade. They are not honest when they make that statement. What they want is a good husky fellow who has not been born in this country and who does not understand what we Americans want, and they use him as a machine, a human machine. He can work in the foundry for 20 years, and after he has worked 20 years he will know no more about the business than he did when he started into the work. That is what

the employers want as apprentices, and that is the kind of apprentices they ask for—a great majority of them.

The molders' union have taken the boys right in Cincinnati at the trade, and tried to get with the employers of that city an agreement whereby we could send the apprentices to school at night, and we did do that for a number of years, until the employers themselves refused to contribute any more. There are many cases where we are doing it to-day, where we can get the boys. But they want apprentices 25 or 30 years of age, when a man is at his best, so they can rush him into the foundry, and then we have to compete with them. That is what many of the foundrymen in this country want. Many of those foundrymen are organized foundrymen, too. In other words, they want to organize among themselves for their own protection, but they do not want to recognize the employee's right to organize for his own protection. That is the truth.

There is another statement I want to write into the record, and that is this: A statement was made yesterday that the principle involved in our minimum-rate question was wrong; that in many instances we drive out a man who has reached an age where you might call him going down the hill. He can not compete with the younger fellows, and we drive him out, it is said. I want to make this correction: I think Mr. Briggs was not informed on that point. The molders' union may establish a minimum rate here in Washington of three or four or five dollars a day, whatever it might be; but when a man becomes aged we give him a card to get the work at whatever rate he can, and when he comes into our foundry I myself, as a molder, have helped a man along during my noon hour, so that he could get employment; and we look after him when he is sick, and we contribute to his welfare. We do not desert that old man. That statement made yesterday was made by Mr. Briggs in ignorance. I do not think he is well informed on that.

Commissioner WEINSTOCK. That is, you maintain that the older men are not held to the minimum. You allow a special card, I suppose?

Mr. VALENTINE. Yes, sir.

Commissioner WEINSTOCK. For those who can not earn the minimum, you issue them a card to allow them to get work at less than the minimum?

Mr. VALENTINE. We permit them to work for whatever rate can be agreed upon between the employer and the man.

Commissioner WEINSTOCK. And you differentiate between the older men and men who are fit?

Mr. VALENTINE. Yes, sir. There was another point brought up yesterday, if I may cover this, too.

Commissioner WEINSTOCK. Go right ahead.

Mr. VALENTINE. The statement was made that we did not allow the employers to discharge a man—

Commissioner WEINSTOCK (interposing). I was coming to that in a moment. Perhaps you had better permit me to follow the points as I jotted them down when Mr. Briggs was on the stand.

Mr. VALENTINE. All right; I just took a note of them.

Commissioner WEINSTOCK. The statement was made by Mr. Briggs that the unions oppose the introduction of molding machines, which have greatly increased the output.

Mr. VALENTINE. I do not know where he got his basis for making that statement. We have never opposed the introduction of molding machines. Our rule recognizes them. Our very organic law requires that. The right of the foundryman to introduce a molding machine is not questioned. As to who shall operate that machine, that is a matter of discussion between the two. I think Mr. Briggs's name is to such an understanding. I think we have your

name to that, Mr. Briggs.

Commissioner WEINSTOCK. The point was also made by Mr. Briggs, illustrating a certain concrete case, that the union men made three pulleys a day with a certain labor-saving device, and that the nonunion men made seven a day at the start, and later averaged nine a day.

Mr. VALENTINE. That may be true. I would not dispute that. That might have occurred right in his own shop, but it might have been because the man was arbitrary and would not do any more. On the other hand, it may be that he did not have the facilities for handling the work or equipment. But Mr. Briggs, if he felt that he wanted redress, should have gone directly to the representatives of the molders' union, because he had a union shop at one time, and we could have discussed it. I do not know the case at all.

Commissioner WEINSTOCK. Mr. Briggs further stated that he does not believe trade agreements are suited to industrial peace in the metal trades.

Mr. VALENTINE. That has always been his opinion. He has always had that opinion. I have known him for a great many years and he has never failed to express his opinions emphatically as he did here yesterday. There is no doubt about that.

Commissioner WEINSTOCK. What are the facts?

Mr. VALENTINE. We think one way and he thinks the other. That is all there is about it. We think trade agreements are good things. Our membership occasionally feel this way—to cite an instance to show you what we think of agreements. I think it was in 1904 that we had the big strike from Maine to California, was it not?

Mr. BRIGGS. 1904 to 1906.

Mr. VALENTINE. I know we spent a couple million dollars, and you spent \$8,000,000 in the same time. Our bank account was lessened a great deal. To show you what we think of grievances, we had a strike in Milwaukee on the Allis-Chalmers Corporation. One of the constituents of the company was the Bullock Electric Co., of Cincinnati. We had no agreement with the Allis-Chalmers, but we did with Bullock, and the agreement was in existence for probably eight or nine months after that. The molders wrote down to me and said, "Strike the Bullock shop." I said, "We have an agreement with that shop." The manager of the shop came to the office to see me. I knew him quite well. He said, "Valentine, are you going to live up to the agreement?" I said, "Yes; if it kills us." The shop was not struck and went right along all those months, and we lost the strike at Milwaukee, because of the fact we did not strike at Cincinnati, but we saved our reputation; we saved our reputation; we did not strike.

Commissioner WEINSTOCK. Then you believe in strictly observing your contracts?

Mr. VALENTINE. I do, sir; and the average employer of this country believes in that too—the average.

Commissioner WEINSTOCK. Believes what?

Mr. VALENTINE. Believes in the sacredness of contracts.

Commissioner WEINSTOCK. Believes that the employer should observe the sacredness of contracts?

Mr. VALENTINE. Yes, sir.

Commissioner WEINSTOCK. Mr. Briggs stated as his opinion that the union should remove the limit on apprentices to the use of machinery, and remove the minimum wage. If Mr. Briggs's idea prevailed, what in your judgment would be the result?

Mr. VALENTINE. We would have no reason for getting together in trade unions. We would simply have to depend upon the employer all the time.

Commissioner WEINSTOCK. You mean that would take out the vital usefulness of unionism?

Mr. VALENTINE. That is all there is to it. If we removed those things, we would not have anything else. Mr. Briggs knows that as well as I do. There is no question about that. So do all the employers know that. If we give them all they want there would not be any chance at all. I do not think Briggs would take advantage of us, but I know some of the others might. [Laughter.]

Commissioner WEINSTOCK. The further statement was made by Mr. Briggs that sometimes the founders could not discharge incompetent men without the risk of a strike.

Mr. VALENTINE. Again he is mistaken. There have been instances where we have struck shops because of the discharge of a committeeman, and we have had some committeemen that ought to have been discharged; there is no question about that. But there have been instances where we have done that, and our law says this on that question: It provides that when a committeeman is discharged and the president approves of the case—of him having been ostracised because of union principles or the carrying out of orders of the union—he shall receive a benefit of \$10.40 a week until he gets another job.

Commissioner WEINSTOCK. He shall receive it from whom?

Mr. VALENTINE. From the International Molders' Union. And if you would examine our records at the office you would be surprised to see how many dollars we have paid out and pay every year. Our position is this on that question: There may be, as I said before, isolated cases or aggravated cases where we have had a strike to force an employer to reinstate that man, but

that is because of the employer's position on it; he has been nasty, or something of that kind. But we feel this way: We have the man's interest at heart. Suppose we did strike the shop and we had the right to say to that employer, "You shall put that man back to work." He would do it. If I was foreman of that shop, I would find some way of getting rid of that man. I would find a way in two minutes of getting rid of him. He would make some mistake, and he would be discharged. We prefer to go to the man and we tell him, "This employer does not want you; here is \$10.40 a week to take care of you until you get employment somewhere," and the local union may throw him a few dollars more to help him until he gets employment.

Commissioner WEINSTOCK. You deny the statement that employers can not discharge incompetent men without risk of a strike?

Mr. VALENTINE. I deny—I say that they do do it; and we do not interfere with them except where there are cases where it is absolutely necessary and something ought to be done. It is not always the employer's fault. It is not always the employer's fault, mind you, in the foundry. We are a little different from the other fellow. The foundry may be at 125° this afternoon and tomorrow morning it will be at 65°. We have got different temperatures in the foundry, and we get different with the temperatures; we go up and down with the temperature, occasionally, and sometimes the employer is the best man in the world; he may have what we term an unfair man as foreman, and that foreman will take a violent dislike to John Jones, and he finds some way of getting rid of him. In a case of that kind we sometimes say to that foreman, "Well, you are as bad as the other fellow; I guess you will have to go, too, with the other man." Sometimes we are able to enforce it and sometimes we are not, but we always go to the employer and tell him what is going on, and I do not know of any case the last year or two or three years where we have struck any shop to restate a man. The employers have sometimes quietly dropped the foreman, who is not the best man in the world. We investigate, through one of the national officers, cases of that kind, as a rule. We take time to do it.

Commissioner WEINSTOCK. You think, then, that sometimes friction has arisen from the fact that because of the character of the work the men are more or less mercurial in temperament?

Mr. VALENTINE. Oh, yes.

Mr. BRIGGS. They sometimes approach a committeeman when it is a hot July day, when the foundry is at 150°, and it is hot outside and a man's tongue is hanging out; and I would not talk to him under those circumstances, because you can not get the same satisfaction out of it.

Commissioner WEINSTOCK. Mr. Briggs further said that he does not believe that unionism has made for higher standards, for more sobriety, or more intellectual development among the members. What is your experience in regard to that matter?

Mr. VALENTINE. To the contrary. We think it educates people and gives them better opportunities after they are educated, and makes them feel that they want to be good citizens, and the trades-union movement brings that about, in our opinion. Of course, if I was an employer and I wanted to invest a dollar, and I felt as though I should have a dollar and 10 cents in return for the investment, I might take it out of labor, if they would let me. Some of the employers will get it that way. They do not like the trades-union, because the trades-union makes them pay more than they would otherwise pay. It makes them give a man a chance to get to his family at a reasonable hour. In the wintertime, especially, when a man leaves his home in the morning it is dark and when he gets home it is dark, and sometimes that is the way in the summer in the foundries. We feel as though we wanted a man to get acquainted with his child by daylight, so as to know him; so as to know him on Sunday, when he has got his face washed.

Commissioner WEINSTOCK. Mr. Briggs further said that in his opinion it is an injustice for the American Federation of Labor to insist upon a uniform eight-hour day for all classes of labor; that in his judgment, for example, 10 hours for the machinist is not nearly so enervating as eight hours in the drafting room, and so on, and that therefore there ought to be differentiation of hours among the different classes of workers.

Mr. VALENTINE. There might be some merit in that. I have never given that any thought on that phase of the question at all. I heard him make the statement last night and I thought that it was well put, in a way. Of course I

would want to know just what he meant by that, generally. He made a general statement here.

Commissioner WEINSTOCK. Mr. Briggs also called the attention of the commission to the statement that this commission will be considering the welfare of 90 nonunion men as against 7 union men.

Mr. VALENTINE. That might be due to many causes. I heard a statement made here by Mr. Hayes, I think it was, and I think there is a good deal of truth in it. There are a lot of men that want to be organized, but the condition is such that they can not accept organization unless they accept discharge with it. There are a lot of men who would like to be organized, but it means discharge. I have in mind some places in eastern Pennsylvania where we have been, where molders were told that if they joined the molders' union they would be discharged. My advice to those men, after looking over the situation, was "Do not join the molders' union. You can not afford to throw up your home now. It is only half paid for. You can not afford to sacrifice your wife and children. Stay out of the molders' union until such time as you get in a position to join it." There might have been cases of that kind; I know lots of them, and I guess that applies to all trades.

Commissioner WEINSTOCK. That is all, Mr. Chairman.

Commissioner BALLARD. I was going to ask you about the point brought out by our counsel, about a uniform base rate, and the statement that the molders throughout the United States make about the same wage per day. Is that what you mean by a uniform base rate?

Mr. VALENTINE. No; we establish a minimum wage rate.

Commissioner BALLARD. Wage per day?

Mr. VALENTINE. Wage per day. To illustrate what I mean: At Cincinnati we have a \$3.50 minimum for molders. There are molders in Cincinnati getting \$4.75 a day on their merits, who are paid the difference between \$3.50 and \$4.75 by the foundrymen.

Commissioner BALLARD. The last question he asked was about the union shop. I understood you to say that the union shop was where the union conditions prevail. Is that always enforced? Where you have a union shop, are the workmen always exclusively union men?

Mr. VALENTINE. Yes.

Commissioner BALLARD. Where you have a union shop that is so?

Mr. VALENTINE. Yes.

Commissioner BALLARD. Do the molders' unions indulge in sympathetic strikes at all?

Mr. VALENTINE. Not to any great extent. In fact, I can not say that we do. There are reasons why. We believe in the principle of helping one another, though.

Commissioner WEINSTOCK. How about when a contract is in existence?

Mr. VALENTINE. We keep our contract.

Commissioner WEINSTOCK. You do not go on sympathetic strikes when you have a contract?

Mr. VALENTINE. No, sir; we go on strike to save ourselves—I cited the case of Cincinnati—as much as anyone else.

Commissioner DELANO. We are confronted by the situation that your union has been successful in carrying out trade agreements with one association and has been unsuccessful with another. Will you explain the reason for that? I infer that you would not take the position that foundrymen as a class are less fair than stove manufacturers, as a class?

Mr. VALENTINE. I will tell you how I view that thing. I have studied it for several years. I think it is just simply the impatience of the foundrymen or some of them, to reach an agreement on questions that it has taken us years to educate our members up to, or years to have them educate their members. For instance, I cited the Utica case here. The workmen were wrong in taking that position. They subsequently acknowledged that they were wrong. That caused bad blood between the two associations. There was not any need for it. But very often we try to do something in a month that ought to take a year to do it, and I think that is the trouble between the molders' union and the National Foundrymen's Association. They sit down and talk, and somebody moves to adjourn sine die. If it is from the other side, we have got to second the motion—can not help it; but I do not believe they ought to adjourn in that way. They ought to adjourn to meet again when they are in better humor. I

do not think you can settle these things in a minute. I think that is the trouble between us.

Commissioner DELANO. You did not quite answer my question; that is, is there any difference either in the trade or in the class of the men on the employers' side; because Mr. Briggs, as I understood, made the point that the foundry business was very much more complex, that it represented very much differentiated classes of business running from a few ounces to many tons, with very small factories and very large ones, whereas in the stove business it was not so differentiated. Is that the explanation?

Mr. VALENTINE. Well, that has something to do with it. I think Mr. Briggs is pretty near right on that thing, from that viewpoint. There is a great deal of difference in the various foundries as represented through his organization. As he said, there are some that make an ounce and some that make 20 tons, and that may have a little bit to do with these things; but I think we could overcome those.

I would like to make one little statement to clear up something said yesterday, with all due respect to Mr. Briggs, who made the statement, that the cause of the Milwaukee strike was the refusal of the molders' union to allow more apprentices.

I do not know whether Mr. Briggs is acquainted with the causes which led to the strike of the molders, but the molders' strike in Milwaukee was because we wanted the same wage rate for core makers as we had for molders, and the employers did not want to recognize that. The question of the employment of apprentices never came up, not in any argument that I had, it never was discussed. In fact, the shops in Milwaukee, many of them, before the strike were what you would term, many of them, union shops.

There is another thing I want to bring up, the point in the outline of policy—have you got that, Mr. Chairman—or the constitution? I haven't got one with me.

(Here Commissioner Weinstock handed the paper referred to to Mr. Valentine.)

It refers to the limitation of output. It says:

"Arbitrary limitations of output on the part of the molders, or arbitrary demands for an excessive amount of output by the molders on the part of the foundrymen, being contrary to the spirit of equity which should govern the relationship of employer and employee, all attempts in that direction by either party—the molder or foundryman—are to be viewed with disfavor and will not receive the sanction of this association."

I want to say for the benefit of this commission that we are the authors of that; we wrote it; our pens wrote it, and it was adopted at a meeting in Cleveland, at which the Cleveland strike was settled, and we believe in it.

On the other hand, we claim that it has been violated in this respect: It says arbitrary limitations of output on the part of the molders and arbitrary demands for excessive amount on the part of the employer.

Now, the foreman of the shop takes a good, strong, husky fellow, and he says, "John"—sometimes he gives him a few extra pennies—"I want 10 of these to-day." John makes 10. The foreman in a week from that gives that job to another man; he is not so strong, but he says, "Tom, 10 of these is a day's work; John So-and-so made 10."

Now, some of the foundry men say that that is not an arbitrary demand on their part. We claim it is. We claim that all men are not physically alike, mentally or mechanically, and consequently they can not do as much as the other fellow. Our difference on that thing, where we divided, was that the foundry man could do as he pleased, through his foreman, and if we attempted to say to our men, "You can not do so much as that," why, we were violating this, but the foundry man is not violating it. That is all.

Commissioner COMMONS. Mr. O'Connell?

Commissioner O'CONNELL. What I wanted to find out has been asked.

Commissioner COMMONS. Mr. Lennon?

Commissioner LENNON. Mr. Valentine, going back to the question of arbitration as it appears in your constitution and in your dealings with the defense association, if you met in conference to adjust a matter is it not a fact that in that instance you adjourn that conference and meet again at some future day; that is not the final show-down; that the conference continues from one time to another, until, perhaps, in 10 years, if necessary, you have reached an adjustment without bringing in an umpire? Is not that the situation in that instance?

Mr. VALENTINE. Absolutely correct, absolutely.

Commissioner LENNON. Now, in talking about the union shop I want to emphasize here for the benefit of all, as long as the opportunity presents itself, that organized labor does not accept, and absolutely refuses to accept, the definition of the open and the closed shop; it is a misnomer and does not apply. Now, Mr. Valentine, as to the admission of members: Suppose in some of the shops where all union men are employed the foreman employs a nonunion molder; do you raise a row about it?

Mr. VALENTINE. No; we let him go to work, and when it comes pay day he goes into the union, and in very many instances he is a good fellow and the molders go down in their pockets and put up for his initiation fee and he pays them back.

Commissioner LENNON. It is a fact, then, that the membership of the molders' union is created more by the action of the employer in hiring men than it is by the initiative of the molders' union?

Mr. VALENTINE. Correct you are; that is right.

Commissioner LENNON. You talked considerably, and others have talked considerably, about the subject matter of apprentices. Is it not true that the development of the limitation of apprentices of the extension of the limitation to allow apprentices has grown up because of the necessities of the business, because of the expansion of trade and the fundamental view of the organization is not to from time to time make an apprenticeship rule to conform to the probable needs of business in the future?

Mr. VALENTINE. Yes.

Commissioner LENNON. What do you find the causes to be, if there be any, of industrial unrest among the molders of the union?

Mr. VALENTINE. Simply a desire to get more wages and better shop conditions, and so forth, which they think they are entitled to. Their wives go to market to-day and can not buy for a dollar what they used to buy for 50 cents, so she goes back and finds fault, and he finds fault, and he goes to the employer and he says, "I want more money," and his employer says, "No; no. Business is bad; I can't give it to you," and then they fight about it. That is the way it is.

Commissioner COMMONS. Mrs. Harriman?

Commissioner HARRIMAN. Does your union oppose the introduction of modern efficiency methods?

Mr. VALENTINE. No; not at all.

Commissioner HARRIMAN. What effect have technical schools had on your industry?

Mr. VALENTINE. None to any great extent.

Commissioner HARRIMAN. You believe in that training?

Mr. VALENTINE. Yes; I will say the reason is it is such hard work that nobody wants to work at it. I guess that is the reason.

Commissioner HARRIMAN. Can you offer any information of why less than 8 per cent of labor is organized? That is the figure that was given here—less than 8 or 10 per cent?

Mr. VALENTINE. I do not know whether those figures are correct.

Commissioner HARRIMAN. Whatever it is, it is a small percentage?

Mr. VALENTINE. I haven't given it any thought.

Commissioner O'CONNELL. 2.81 per cent.

Commissioner HARRIMAN. No; that is of all the 90,000,000. I meant of labor, the working class; they said less than 8 per cent. You have no explanation of why there is such a small number.

Mr. VALENTINE. No; I do not know anything about the figures.

Commissioner HARRIMAN. What, in your opinion, is the best way to establish and maintain industrial peace? What would be the best way?

Mr. VALENTINE. Through trade agreements with the employer, honestly made, and trade agreements that are broad enough to permit both sides, both parties to it, to discuss any dispute that may arise under it threadbare, honestly. That is all there is to it, on the part of both.

Commissioner WEINSTOCK. Yes.

Mr. VALENTINE. You are familiar with the situation in San Francisco, of course?

Commissioner WEINSTOCK. Yes.

Mr. VALENTINE. We are both from San Francisco originally. You know the strike there for the eight-hour day?

Commissioner WEINSTOCK. Yes.

Mr. VALENTINE. When thousands of people were on the street, everybody was out, the street car men were on strike, you could not talk over a telephone.

Commissioner WEINSTOCK. And the telegraphers?

Mr. VALENTINE. They were on strike; and you couldn't get a shirt washed, because the laundries were on strike; all the iron trades were on strike; everybody was on strike; everybody was strike crazy. The iron trades wanted an eight-hour day forthwith, and the town was in turmoil. It had been visited by a fire and an earthquake, and it was all turned topsy-turvy and we were all out of work, everybody wanted to work eight hours. You remember the conferences which were held with reference to this matter, and when the employer says, "We believe in the eight-hour day," they said that it would eventually come, and the suggestion was made, "Let's get together and see if we can not settle that thing." Well, we got together, and we said that the eight-hour day would come in three years, and when we got through with it the representatives of both sides, both the employers and the molders' union, and the machinists' union and everybody said that it was no good; that one had sold out to the other, because it was not quite the right way.

Mr. WEINSTOCK. You mean that the workers found fault with the two representatives of the employers and the workers who entered into that graduated reaching of the eight-hour day?

Mr. VALENTINE. The employers found fault with Mr. James Kerr.

Commissioner WEINSTOCK. Who represented them?

Mr. VALENTINE. Yes; and the workers found fault with me representing the workers.

Commissioner WEINSTOCK. That is, the power had been concentrated in you two men to adjust that difficulty?

Mr. VALENTINE. Yes; they gave us power to do it, and we drew up that agreement making an eight-hour day in San Francisco.

Commissioner WEINSTOCK. In three years?

Mr. VALENTINE. Yes.

Commissioner WEINSTOCK. Dropping off a quarter of an hour every six months?

Mr. VALENTINE. Yes. All the unions, some of them that I addressed—one of the unions in particular—some of the members had little bits of tin horns, and they had dried peas with them, and when I was on the platform they blew them at me and hit me in the face; but we eventually got organized labor to accept this agreement, and the employers virtually accepted it, too, and to-day we have peace in San Francisco, and we do not have any unpre. We had two men to take hold of it that had nerve enough to settle it, and they settled it, and your explanation of the situation in San Francisco yesterday was a very agreeable one to me, sir, to find out that it worked out so nicely, because everybody said the town was going to the bowwows, and it did not; it is one of the best towns on earth to-day.

Commissioner WEINSTOCK. For the benefit of the record I want to add this statement: When the three-year agreement that Mr. Valentine speaks of neared its completion the employers of the Metal Trades Association took the ground that when they had signed that agreement three years before, the one that Mr. Kerr and Mr. Valentine determined upon, they were led to feel, although it was not written in the agreement, that at the expiration of the said three years the eight-hour day would be a common day on the Pacific coast; that the three years were about to end, and the eight-hour day had not become a common day on the Pacific coast; and that if the employers of San Francisco were to go on the eight-hour basis it would place them under a very serious disadvantage with competing cities; therefore, since the eight-hour day had not been made a common day, they felt it was unjust and unfair for the unions to insist upon that eight-hour day prevailing.

A conference was called of the two sides, and they were unable to come to an understanding, so the matter was referred to a conciliation board—a conciliation board that had been created by the selection of 12 men from the chamber of commerce representing the employers and 12 men from the trade council representing the workers, and out of this panel of 24 men the metal-trade employers selected 3 employers, of which I happened to be one and the iron trade council selected 3 workers, constituting a jury of 6 without an umpire—to determine whether the eight or nine hour day should prevail.

This subcommittee of six when they first got together were widely apart, but after hearing both sides to the controversy they reached the unanimous conclusion that the eight-hour day should be given a year's trial, and that if

at the end of the year the conditions were not satisfactory the matter could be taken up again. That recommendation was finally accepted by both sides, and the matter went on for a year on the eight-hour basis. At the end of the year there were some differences arose, and the matter was again referred to this subcommittee. The subcommittee rendered its judgment on the matter. The ultimate result was that the eight-hour day continued for a period of two years longer; that is, this conciliation board recommended at the beginning that a new three-year contract be entered into, that the eight-hour day be tried for one year, and that if at the end of the year the conditions were not satisfactory the hours could be changed for the remaining two years of the contract.

The outcome of it was that the eight-hour day prevailed for the full three years, and at the end of three years, while the contract was not renewed, the eight hours still continued and are in force in San Francisco to-day.

Mr. VALENTINE. All I can add to that, Mr. Weinstock, is that your decision, because you were a member of this commission—you did not have any umpire to decide whether it was right or not; you decided it yourself; there was no umpire; there was arbitration and conciliation. And I bring that up for this reason, to show that when there is an honest difference of opinion between two parties, if they will sit down and talk it over right, as two honest people should talk it over, they may not reach an agreement to-day, but they will some day. That is the position. It is honesty. A question submitted to an umpire means compromise; that is what it means as a rule, and I believe if one party is right they should have it all, and if they are not right they should back away; that is all.

Commissioner WEINSTOCK. I take it that the thought you have in mind is this, that where two parties get together, and one party tries to get some unfair advantage over the other party, an agreement is hopeless, but when both parties get together and seek only equity that in the end they are likely to come to an agreement.

Mr. VALENTINE. Yes.

Commissioner COMMONS. I would like to ask one or two questions, unless you desire to ask more, Mrs. Harriman.

Commissioner HARRIMAN. No.

Commissioner COMMONS. Your situation has already been suggested, and your situation is a very important one for this commission, to make up its mind whether it wants to make a recommendation, for example, that in all lines of industry the injunction that Congress has placed upon this commission to determine the underlying causes of unrest, and to recommend remedies for it—and the question arises at once whether we should recommend the adoption of a trade agreement in all industries. Now, you have given your situation, and it ought to throw a great deal of light upon that. It might make it possible for this commission to recommend that for some industries a trade agreement would never work, and would not be a remedy, and that therefore this commission would have to classify the industries into such and such industries; and that in this or that industry an agreement will work, and in some others it will never work. Now, if that is true, it would be necessary for us to analyze the question somewhat and determine some principles of classification by which you could say that in industries which have such and such peculiarities we think that arbitration or conciliation or a trade agreement in any form will not work. Now, as it strikes me, as the question has been raised by your answer, we can eliminate the question of personality of the employers and employees; and, apparently, we can eliminate it in your case, so far as the employers are concerned, because I take it that it is the same board, the same executive board of molders that deals with the S. F. N. D. A. as with the National Founders' Association.

Mr. VALENTINE. How is that?

Commissioner COMMONS. The same executive committee of the molders' union dealing with the founders' association, and continues to deal.

Mr. VALENTINE. With the same questions; there may be some differences by reason of the fact of having the stove molders on the other, and the fact that is dominated by the same spirit and the same officers.

Commissioner COMMONS. So far as your observation goes, there were no members of your organization dealing with the National Founders' Association who would have made an agreement impossible with the National Founders where they would have made it possible with the stove founders?

Mr. VALENTINE. I did not quite catch that, Professor.

Commissioner COMMONS. That is to say, your union came to the National Founders in the same spirit and the same conciliatory attitude in the case of the National Founders as they did in the case of the stove founders?

Mr. VALENTINE. Absolutely so.

Commissioner COMMONS. Would you be willing to say that the National Founders' representatives were less honest or less conciliatory than the representatives of the stove founders?

Mr. VALENTINE. No; I would not say that. I think there is a difference in men, in temperament and nature, and so on. I would not say that. There are as many honest men, and good, fair men, who are members of the association as there are among the others.

Commissioner COMMONS. Did you find any temperamental difference between the representatives of the stove founders and of the National Founders?

Mr. VALENTINE. I will tell you what we found. With the stove founders we had to meet practical men, to take up practical questions. In the other association we had to meet, sometimes, the owners of foundries or superintendents that did not know anything about the business; and we had to meet men who were employed by the association who never saw the inside of a molding shop until they became employees of the association.

Commissioner COMMONS. What profession did they represent? Were they lawyers?

Mr. VALENTINE. Some were lawyers, some were stenographers, and some were something else.

Commissioner COMMONS. Then, according to that, I would understand that an employers' association, in order to be successful, must have as representatives the employers themselves, directly owning and operating establishments. Is that necessary?

Mr. VALENTINE. When we meet men to settle technical disputes, the men on both sides ought to know what they are talking about, otherwise they will not agree. The representative of the defense association is here, and I met him a couple of weeks ago and I took off my coat and we went down into the foundry and we got at the root of the thing. It only took us a few hours to settle it.

Commissioner COMMONS. Was he an employer or a subordinate?

Mr. VALENTINE. He is the secretary of the association, but he is an old-time molder, and we can not fool him a little bit.

Commissioner COMMONS. He is employed by the association?

Mr. VALENTINE. Yes, sir.

Commissioner COMMONS. But are the representatives of the stove founders that deal with you all practical foundry men, owners of establishments?

Mr. VALENTINE. We only have one or two to deal with. We have the secretary and the assistant; that is the only appeal we have. We can go to the president of the association occasionally, but our rules provide that if the committee in the shops can not adjust whatever grievance may arise it is referred to the two national associations. Representatives of those associations, or organizations, are the officers of the molders' union and the officers of the National Founders' Defense Association, and their officer is a man who molded, himself; he knows how to make a mold.

Commissioner COMMONS. What I am trying to get at is this: Is the constitution of the National Founders' Association such that it can not be hoped that such representatives will come out of that organization as would be competent to meet the molders in such a way as the stove founders meet them? That is, have they some method of selection, some method of organization, which is defective for the purposes of trade agreements?

Mr. VALENTINE. I do not know that; I do not know anything about that.

Commissioner COMMONS. But you do think that, whatever it is, it does bring men to the front who are not practical men?

Mr. VALENTINE. That is my feeling in the matter.

Commissioner COMMONS. You do not ascribe that to Mr. Briggs?

Mr. VALENTINE. Not at all. I do not know whether Mr. Briggs ever molded at all. I do not know whether he did or not.

Commissioner COMMONS. In so far as you have dealt with that association, have you dealt mainly with Mr. Briggs?

Mr. VALENTINE. In a great many instances; yes. We have dealt with him. He has been at the conferences.

Commissioner COMMONS. Would he not dominate the conferences, naturally?

Mr. VALENTINE. I do not know. They adjourned, very often, and went into

a little corner among themselves, and I don't know who dominated the conference.

Commissioner COMMONS. You think men who are not practical, or, we will say, stenographers or attorneys who had to make out a case whether or not, dominated that organization?

Mr. VALENTINE. I mean this, Professor, that if there is a question of dispute as to the making of the price, or the making of a piece, the only people who can adjust that are the two people who understand the making of it. They are the only people who can adjust it. No one outside of them can adjust it. If we are going to adjust it on its merits, a man who does not know anything about molding can not tell anything about it.

Commissioner COMMONS. Do you mean to say that the National Founders' Association is dominated by that type of men who do not know how to deal with the case as it arises?

Mr. VALENTINE. I will say this; That they displayed in these conferences, a desire to wind the thing up quick; as some of them said in the conference, the only way to deal with molders is to cut off their ears quick. That was said. That was the spirit; but in cutting off men's ears the men who had to have their ears cut off were there; that was the trouble.

Commissioner WEINSTOCK. What was meant by "cutting off their ears quick"?

Mr. VALENTINE. I do not know what was meant by it.

Commissioner COMMONS. To take up the next question that I have in mind: There are certain classes of issues that come between you; whether or not the issues are such that they can not be settled in the case of one industry and can be settled in the case of another? For example, in the Stove Defense, you seemed able to equalize piece rates throughout the country. That does not equalize earnings, of course. But in the National Founders you are not able to equalize piece rates, because there is such an enormous variety, and they are not always competing with each other. Does that bring up an issue that can not be settled by a trade agreement? Is it essential that you have a uniform national minimum wage in order that you may deal with the whole foundry industry?

Mr. VALENTINE. No, sir. If both sides, say, the representatives of the associations, the National Founders' Association and the molders' union, were to meet in a room to-morrow, and both would agree as to the treatment of all the points of difference we were both interested in, and we would talk them all over, we could possibly reach an agreement, but if one side says: "Here is an apprentice. You prevent the American boy from being taught a trade, and we will not arbitrate that with you"; we can not get along with that association. We have some say in that, too, as well as he does. That is the difference between us and that association.

Commissioner COMMONS. Pending the settlement of an issue of this kind, one side or the other is always going to have an advantage, is it not, while it is unsettled? If you retain the status quo, it must be that in some instances the union has the better of the situation, and in the other instances the employer has the advantage of the situation. Is not that true in all cases?

Mr. VALENTINE. That is true, Professor; yes.

Commissioner COMMONS. And then, whichever side is at a disadvantage wants an immediate settlement, and whichever side has an advantage wants a delay in settlement?

Mr. VALENTINE. That is true in a sense, too; but we ought to strip that of those possibilities, to prevent those things arising. Both associations, if they want to come together to deal, must say this: "That all of these things that arise in the foundry you have as much say about as we have. Let us sit down and talk it over." If I were to say to the representatives of the association, "Here is a thing that we will not discuss with you," the association would say, "Well, we can settle everything but that, and that will be the point of disagreement." If I am going to be a lion, I want to meet a lion; I do not want a lamb to meet a lion. That is the way I feel about that thing.

Commissioner COMMONS. Take the issues that came up during these four or five years. I take it that from the period from 1899 to 1903 or 1904 the industry was quite prosperous, prices were going up, and consequently if the employers could retain the status quo, then the molders could not get an advance in wages, and the employers would gain, during that period of rising prices and prosperity. Is not that the situation?

Mr. VALENTINE. Yes, sir.

Commissioner COMMONS. After 1903 we had a depression; prices were falling, and if there was no settlement made now, after 1903, then the gain would go to the union, because the employer would be less and less able to pay the wages?

Mr. VALENTINE. That brings us to the point.

Commissioner COMMONS. The question is: Would the statistics of your disputes show a difference in the grievances? They were mostly for raising wages, as I understand, and for limiting hours. Was that true throughout the whole period?

Mr. VALENTINE. Altogether. My statement was this in the beginning of this talk: That what caused the abrogation of the New York agreement in this dull time, was, the employers said they wanted a 15 per cent reduction in a certain place, and we refused it; but we did not refuse them a conference. We felt that the ache belonged to them, and it was their duty to call upon their association and call a conference meeting; but they did not do that. They were advised to put it into effect at once, forthwith, and then it would be our trouble.

Commissioner COMMONS. Apparently both sides had strikes or lockouts, because of the delay in having a conference. One side must have tried to force the other side by a strike, because it would not agree to a conference; or the employers would occasion a lockout because the union would not agree to a conference. The difficulty of the machinery lay, did it not, in the fact that you could not bring about your conferences promptly enough to settle the dispute, else there would have been no strikes or lockouts?

Mr. VALENTINE. Yes; we could bring about the conference. I do not know that there were any delays in these conferences to speak of, but when we did meet in conference we had these various points to discuss which we could not agree upon. For instance, if it was a question of the raise of a wage, or a reduction in wage, that issue was not alone the issue. It might have been with us in the start. The employer would say "Yes; but we want this and we want that"; and they grasped after something that they could not have without thrashing us to get it. That was the trouble between us. You will find that the reason why we held a number of these conferences was the question of wage rates.

Commissioner O'CONNELL. That same machinery exactly is in force for the advantage of both organizations—both the stove founders and the other?

Mr. VALENTINE. The same thing.

Commissioner O'CONNELL. The same machinery is there with which you have succeeded for 24 years in getting along without a strike; that same machinery is at hand for the other?

Mr. VALENTINE. Exactly the same.

The ACTING CHAIRMAN. It seems, in the case of the stove founders, some issues were delayed 10 years before settlement was made. How could you succeed in having a delay of 10 years on those questions in the case of the stove founders and yet must have such prompt action in the case of the founders?

Mr. VALENTINE. Because both of us felt it would be better to take 10 years to settle it, and set it right, rather than have a strike and have a "might settle it." It is settled right now.

The ACTING CHAIRMAN. Meanwhile, both sides were for 10 years going on with one side having what turned out eventually to be an unfair advantage?

Mr. VALENTINE. That may be.

The ACTING CHAIRMAN. So under this system we must have people who may be willing to accept unfair advantages for 10 years?

Mr. VALENTINE. It might be. Right will prevail in the end.

The ACTING CHAIRMAN. I suppose the ability of an employer to maintain an unfair disadvantage of this kind would consist in his power to fix the prices of his product, would it not?

Mr. VALENTINE. I do not understand your point.

The ACTING CHAIRMAN. If competition were very severe among employers in that line, then they could not stand 10 years' waiting under an expensive disadvantage?

Mr. VALENTINE. I do not know that that case would arise in that way. We are talking about a different proposition. One is a matter of principle, and the other is a question of wage rate. For instance, it costs a man to have a reduction in wages in order to compete with the other fellow. We can settle that without having very much trouble about it.

The ACTING CHAIRMAN. That is, would you be willing to place the National Founders on a competitive equality with their competitors?

Mr. VALENTINE. I will say what we have done. With the defense association we have never had a reduction in wages. The first advance in wages that we got, after getting together—and we were both about tired out when we did get together—was agreed to, and we decided we would go along those lines, and in 1899 we got the first advance of wages. We have 35 per cent now in advance. In 1893, when we had the panic, the employers said they wanted a reduction. We said "We have got to give it to you." Then the employers came back and said "It will not do us any good, or you any good, and we do not need it." That is the spirit in which we met. They would not sell them another stove.

The ACTING CHAIRMAN. Do you understand why they agreed to that was that they controlled the industry pretty fully throughout the country, and that they had a stove manufacturers' association, which is practically the same as the Stove Defense Association, and that while they made an agreement with you, they could turn around and maintain prices on the other hand that would enable them to pay you the wages which they consented to pay?

Mr. VALENTINE. You may think that. Mr. Hogan can answer that on the stand, when you put him on the stand. Let me say this to you, that there is no truth in that. They do not control prices, and have not been able to control prices. I know what I am speaking of. I know in certain localities there are others who would jump in and take the trade away from them. Then they have to alter their stoves every two or three months in order to get in again.

The ACTING CHAIRMAN. How many manufacturers of stoves are not in the Stove Defense Association?

Mr. VALENTINE. I could not say that; I do not know. The defense association was formed, but has no commercial bearing. We do not know anything about their commercial business.

The ACTING CHAIRMAN. I am speaking about it from your viewpoint. Do you deal with the stove founders who are not in the defense association?

Mr. VALENTINE. Yes; we deal with stove founders who are not in the association, and they do grant the advances or take advantage of any reductions, just the same. We do not deal with them at all except singly.

The ACTING CHAIRMAN. You deal with them as individuals?

Mr. VALENTINE. Yes.

The ACTING CHAIRMAN. Then do you require the stove founder who is not in the defense association to pay the same prices as the stove founder who is in the defense association?

Mr. VALENTINE. The same percentage.

The ACTING CHAIRMAN. Do you put his molders on competitive equality with the stove-defense molders?

Mr. VALENTINE. We do when we have the opportunity.

The ACTING CHAIRMAN. Then it would follow from that that a stove founder who is not a member of the defense association could not cut prices, so far as labor cost is concerned. He would have to maintain prices?

Mr. VALENTINE. During that year.

The ACTING CHAIRMAN. During that year?

Mr. VALENTINE. Yes.

The ACTING CHAIRMAN. So there would be, through your system of controlling all of the stove founders, a certain power in the stove industry to maintain prices?

Mr. VALENTINE. I do not know of it. I never heard of it. I do not know much about the commercial business, but I know that the competition is very keen.

The ACTING CHAIRMAN. How large is your control of the foundries of the country outside of the stove foundries? Can you figure that? You apparently control all the stove foundries in the country. How large an element is outside of the National Founders' Association that employs molders? Some figures were given here, but I do not remember them.

Mr. VALENTINE. I could not answer that. I have not the data with me and do not know anything about it. I could not even approximate it.

The ACTING CHAIRMAN. Seeing you control 90 per cent of the stove foundries, would you say you control 50 per cent of the general machinery foundries?

Mr. VALENTINE. I could not give you any percentage at all. It would be a very bad guess if I did. I have no means of knowing that.

The ACTING CHAIRMAN. Would you think it is a less per cent than you control in the stove foundries?

Mr. VALENTINE. I would think so, but I do not know.

The ACTING CHAIRMAN. You do not know how much less?

Mr. VALENTINE. No.

The ACTING CHAIRMAN. There is one other line about which I would like to ask some questions. In the stove industries, and other industries, there is a large element of common labor, or foundry laborers, who are not eligible to the molders' union. What would that proportion amount to in a typical stove foundry?

Mr. VALENTINE. That would be a smaller percentage than it would be in the other foundries. I do not know just how many it would be. We do not admit anybody except a molder.

The ACTING CHAIRMAN. Does your organization have any sympathetic cooperation with these foundry laborers to enable them to maintain wages and conditions?

Mr. VALENTINE. We do wherever we can be of assistance.

The ACTING CHAIRMAN. Could you give any examples of what you have done?

Mr. VALENTINE. We have not gone on strike to do it. I have, in my own personal way—and I presume other officers have done it, too—assisted them in this way: In discussing matters with the owner of the shop, I have been appealed to by representatives of other people that were not organized and have got a change in conditions for them. We have done that.

The ACTING CHAIRMAN. Have you tried to organize the foundry helpers or foundry laborers in any way?

Mr. VALENTINE. No; we have not done that.

The ACTING CHAIRMAN. And you have not tried to promote or father any organization of them?

Mr. VALENTINE. We have not done that. We are members of the metal-trades department.

The ACTING CHAIRMAN. Your organization is a member of that department, is it?

Mr. VALENTINE. Yes.

The ACTING CHAIRMAN. Is it a part of the policy of that department to organize all the laborers in a foundry?

Mr. VALENTINE. It is the policy of the department to organize in their respective unions every one that works in the metal trades.

The ACTING CHAIRMAN. Where would the foundry laborers come in in that metal-trades department?

Mr. VALENTINE. They would come in the National Organization of Foundry Employees. There is a national organization, and they would come in under that.

The ACTING CHAIRMAN. If this National Organization of Foundry Employees is then encouraged by the molders' union, the hope is that every employee in a foundry will be organized?

Mr. VALENTINE. Yes. We have gone so far with them as to adjust their differences for them with the owner of the shop.

The ACTING CHAIRMAN. Would this metal-trades department, then, controlling all of the employees in the establishment, make an agreement as the metal-trades department with the foundry men?

Mr. VALENTINE. It could, with the consent of all the trades affiliated with the department.

The ACTING CHAIRMAN. Are you so organized that you have an executive council representing all the trades that could make an agreement?

Mr. VALENTINE. We have; but we are not up to that perfection yet in the metal trades; we have not arrived at that point.

The ACTING CHAIRMAN. Is that one of the aims that you have?

Mr. VALENTINE. The aim of the department, in my judgment, would be to bring about thorough organization among the employees working in the metal industry.

The ACTING CHAIRMAN. Which means organization of everybody in the establishment?

Mr. VALENTINE. In their respective organizations; not in one, but in their respective organizations—the machinists in the machinists' organization and the laborers in the foundry employees' organization.

The ACTING CHAIRMAN. Could the metal-trades department as now organized prevent one union from going out on strike if the others did not consent?

Mr. VALENTINE. We could by advice, etc. I do not know that there is any law to prevent it, but we could advise against it, and have done it.

The ACTING CHAIRMAN. So that by a moral effort you expect to keep them altogether in one union—in one large federation?

Mr. VALENTINE. In a federation; yes. There have been instances where some of the unions affiliated with the department have gone on strike and we have advised and the department itself has advised against it. They have not any law that prevents them doing it; they can do it if they want to.

The ACTING CHAIRMAN. On that question of scientific management that was referred to, I should like to ask if you have had any experience with any establishment in which the so-called more modern methods of scientific management have been introduced?

Mr. VALENTINE. I do not know what you mean by "scientific management."

Commissioner HARRIMAN. The efficiency system.

Mr. VALENTINE. A foundry is different from any other place.

The ACTING CHAIRMAN. I am trying to get at whether the foundry has been scientifically managed in the past or if this new issue is to come up with the foundries. Do you understand this new proposition? It involves a certain system of premium payments, bonuses, and a reorganization of the establishment generally, with a larger overhead or inspection force, and particularly a stop watch for measuring the motions and speeds of the individual. Have you had any experience with that?

Mr. VALENTINE. The average molder, if you put a stop watch on him, would go out of the foundry, or you would go out. He would not permit a stop watch over him.

The ACTING CHAIRMAN. What is the feeling against the stop watch?

Mr. VALENTINE. We consider the stop watch sort of a slave-driving proposition. That is how we feel toward that.

The ACTING CHAIRMAN. In what way?

Mr. VALENTINE. Because man has not yet become a machine. He is human; he does not want his actions gauged by a stop watch.

The ACTING CHAIRMAN. Suppose the union business agent also held a stop watch along with the boss?

Mr. VALENTINE. I never heard of such a thing. I never heard of a business agent or officer holding a stop watch.

The ACTING CHAIRMAN. When you fix the board prices so as to equalize the price of a new piece that is put in, you and the officer of the Stove Defense Association go on the ground, as I understand it, and you make a study of the amount of time that it will take to make that new piece, do you not?

Mr. VALENTINE. No.

The ACTING CHAIRMAN. How do you fix the board price?

Mr. VALENTINE. Say here is a stove bottom paying 10 cents for the molding of it. The new one has a few lugs here, or a few strips here [indicating]. We feel as though we ought to be paid for that, because it takes longer to make it, and there is more chance of it being a bad one. We get more pay for it. You must remember, in the foundry when we work piecework there are a lot of elements that enter into the making of a casting that do not have to be considered in other shops. We may make a perfect mold, and we may get a bad core to put in it. The sand may not be what it ought to be, and the mold is lost and then the man does not get paid for it. If all those things that went into the mold were controlled by the molder, it would be a different proposition; but that is not the case.

The ACTING CHAIRMAN. Suppose you found a piece here where there was no element of chance about it, and you have been paying 10 cents for that piece. We now find that the additional time required to make this new piece would make it worth 15 cents. The element of time would make a difference of 5 cents. Would there be additional elements of risk or chance of losing the piece?

Commissioner VALENTINE. Yes.

The ACTING CHAIRMAN. How do you add for that? Do you take care of that by also adding in another cent—by adding not merely 5 cents to the board price but by adding another cent and making it 6 cents or 7 cents?

Mr. VALENTINE. We might do that.

The ACTING CHAIRMAN. So that you would take two things into account—the additional time required and the additional menace or risk required. Is not that so?

Mr. VALENTINE. Oh, yes; that is right.

The ACTING CHAIRMAN. You take the two elements into consideration?

Mr. VALENTINE. There may be more than two elements.

The ACTING CHAIRMAN. But always you do take the time element, do you not?

Mr. VALENTINE. How is that?

The ACTING CHAIRMAN. You can never make a new price without taking the time element as one of the things?

Mr. VALENTINE. Sometimes we do it in one way and sometimes we do not. There may be a whole lot of elements that go into that thing. A man may take a minute longer to do that, because we do not believe human beings can work by minutes.

The ACTING CHAIRMAN. If you find that time is a factor, you will take it into account?

Mr. VALENTINE. Yes.

The ACTING CHAIRMAN. If it is not a factor, you disregard it in the price?

Mr. VALENTINE. Oh, yes.

The ACTING CHAIRMAN. How do you size up the amount of time where you do take it into account?

Mr. VALENTINE. That is one of those things that could not be explained in a talk of this kind. That is the reason that we need practical men.

When we go into a factory and see the pieces before us we will argue from our own viewpoint as we see it. There may be a whole lot of reasons why we want more money, and there may be a lot of reasons why the representatives of the association do not want to pay the advance, etc. We could not explain that in a talk of this kind.

The ACTING CHAIRMAN. Do you test out the molder on the floor? Do you spend two or three days having him make that casting on the floor to see about the amount of time that it requires?

Mr. VALENTINE. We may do that.

The ACTING CHAIRMAN. When you do that the officer and the officer of the defense association observe it together, do they not?

Mr. VALENTINE. Yes.

The ACTING CHAIRMAN. Then the only difference there is between you and scientific management is that neither of you has an actual standard of measurement as shown by the stop watch?

Mr. VALENTINE. Yes. You could say yes to that, but of course in saying that I want to be understood that when these differences are taken up we do not work by minutes or half minutes. We just conclude that this piece is a little larger than that, and we have a system for that. It may be a quarter of an inch larger, or it may be a half an inch larger, or possibly 2 inches larger. We try to get as nearly as we can to the question of paying an additional, say half cent, if it is 2 inches larger. If it is 2 inches larger, we may pay half a cent more for that casting. We at once increase the price half a cent. There may be another element that enters into it, and it may be increased half a cent because of that other element.

The ACTING CHAIRMAN. As I understand it, your two representatives of the two associations use their best judgment in including the additional time by observation of the men showing the additional time required, and use your best judgment as to whether there is another element, but you do not resort to actual time measurement?

Mr. VALENTINE. That is right.

The ACTING CHAIRMAN. On the other hand, you do not have an arbitrator or third man to decide in cases of difference?

Mr. VALENTINE. No, sir.

The ACTING CHAIRMAN. In establishing the piece rate?

Mr. VALENTINE. Or the day rate.

The ACTING CHAIRMAN. I assume the day rate has been made by national agreement?

Mr. VALENTINE. Yes.

The ACTING CHAIRMAN. All you are doing now is to fix this piece rate to conform to the day rate?

Mr. VALENTINE. That is right.

The ACTING CHAIRMAN. So you do not have the third party?

Mr. VALENTINE. That is right.

The ACTING CHAIRMAN. Would it be an advantage, in your experience, to have had a third party to fix on that time study?

Mr. VALENTINE. No. He would not be of any advantage to us, because of the fact, as I say, that prices in the stove shop are fixed by comparison. We have those to compare with. This bottom piece has been made for a certain price. The new bottom has some changes made in it. All that is necessary is for us to find out what those changes are. It is a comparison of one with the other. That is all there is to it.

The ACTING CHAIRMAN. Are there any further questions?

Commissioner O'CONNELL. There seems to be, in my mind, at least, brought out a situation here that is rather confusing. Prof. Commons asked you a few minutes ago about this question of a delay of ten years in the adjustment of some particular thing that occurred. That might convey—at least it does to me—that one firm would be placed at a very great disadvantage with another firm because of some delay in the adjustment of something for ten years. What I gather from your statement, Mr. Valentine, is that the question that you did not settle for five or eight or ten years would be fundamental, like the question whether the apprentice ratio should be changed from five to four, or from five to ten, and by not changing it, or if you dealt with it for ten years, no employer would have an advantage over another employer in that time. They would be working under the same ratio, no matter what is was, in that period of time; or if the question is whether a machine should be operated by a handy man or a molder or an apprentice, and if that question took a number of years to adjust, there would be no advantage to one employer, and the one employer would have no advantage over another, because it took a period of years for them to adjust that question. Is not that a fair example of the kind of question it takes so long to adjust?

Mr. VALENTINE. That is what I thought.

Commissioner O'CONNELL. There would be no advantage in favor of any employer; one employer would have no advantage over another, because it took a period of years for that to be adjusted; is that not the position with you?

Mr. VALENTINE. That is what I thought.

Commissioner O'CONNELL. The questions of wages and those things that occur daily; the question of settlement with a man as to whether he has been discharged unjustly or not; those questions are adjusted as you go along, and it does not take any great time to adjust them. As I catch your idea, that is what you want to convey?

Mr. VALENTINE. Yes; I thought that was understood; and I am glad you made mention of it, because we want it made clear.

Commissioner O'CONNELL. I think the record will probably show that if there was a question of wages on, or something that affected the employer to-day, if it took 10 years to adjust, he might be put out of business in the meantime because of the unfair position with regard to his fellow manufacturer.

Mr. VALENTINE. To show the spirit that we displayed, there is to-day an agreement of one apprentice to the shop and of one to every five journeymen. Supposing we could not furnish enough moulders and the foundrymen would need more help, our agreement provides that we can get together and determine to give those men more apprentices despite the ratio.

Commissioner O'CONNELL. The agreement which you had originally with the founders did not provide for a union shop—a closed shop, as they term it? The agreement itself had no provision of that kind, did it?

Mr. VALENTINE. The question was never brought up at all.

Commissioner O'CONNELL. The statement made here yesterday by the representative would convey the idea that that was one of the questions of unionism.

Mr. VALENTINE. It was in that discussion.

Commissioner O'CONNELL. A provision of that kind was never in the agreement at all?

Mr. VALENTINE. Not in any of the contracts.

Mr. THOMPSON. I should like to ask Mr. Valentine a question or two on the matter of arbitration and conciliation. I understand, Mr. Valentine, from what you have said that you believe in the settlement of questions between the two parties by the method which we call to-day the method of conciliation rather than that of arbitration, which required the introduction of an umpire. Am I correct?

Mr. VALENTINE. Yes.

Mr. THOMPSON. But in discussing that question the matters you touched on were matters which apparently could be delayed in their settlement from year to year, even going as far as 10 years, if I understood you correctly, so that they might be settled right and not in accordance with might.

Mr. VALENTINE. That is the point in the apprentice matter—the fundamental proposition.

Mr. THOMPSON. Yes. Now, in regard to questions of policy, the fundamental questions that both parties have to meet, I think perhaps all men would agree with you; but there are questions, are there not, that are temporary and immediate in their nature, and which would require immediate consideration? Take, for instance, a shop or a number of shops of different manufacturers, which are operated on what is called the open-shop principle, or the preferential shop principle, where the question of discrimination against a man because he is a union man may be a source of constant need of attention. A man is discharged, and he claims he is discharged because of his affiliation with the organization. On a question of that kind could you meet in a spirit of conciliation from month to month and from year to year, and while the man, perhaps, we will say theoretically is waiting for his job? There you would have to have some time limit on the adjustment of a question of that kind in those shops and under those conditions, where those questions arise more or less frequently, would you not?

Mr. VALENTINE. A man who would discharge a man because of his joining a union in an open shop, if the arbitrator were to decide that he did wrong and reinstate the man, he would repeat the dose the following week. I do not believe in this question of open shop, as understood, because I believe that these open shops mean this thing. The open shop means open to whoever the employers will permit to work in it under such conditions as the employer may establish.

Mr. THOMPSON. I have not given you the right idea of what I am trying to reach. There is no question about the open shop. That was simply an illustration of the question I want to put to your mind. I mean that where there are questions, no matter what they are, that are questions that need immediate attention, can such questions, if there is a condition in any trade where they arise constantly, be left to an adjustment which may go on for years; but in such a trade as that and in such cases as those, do you not think it would be advisable to have some form of adjustment which would provide for deciding the question, after the parties had endeavored to reach an adjustment by conciliation themselves?

Mr. VALENTINE. That might be, sir; there might be something of that kind.

Mr. THOMPSON. It would depend entirely on what the condition is.

Mr. VALENTINE. Yes.

Mr. THOMPSON. On the trade, and the nature of it, and—

Mr. VALENTINE. And the nature of the agreement, and so on.

Commissioner COMMONS. Is there anything else, Mr. Barnett, that you wish to ask?

Mr. BARNETT. No.

Commissioner COMMONS. We are very much obliged to you, Mr. Valentine.

Commissioner WEINSTOCK. Then, we will adjourn now until 2 o'clock.

Commissioner COMMONS. We will take a recess until 2 o'clock. Mr. Hogan, we regret, of course, the delay on the part of witnesses who are waiting, and we trust that you appreciate the need.

(At 1 o'clock p. m. the commission took a recess until 2 o'clock p. m.)

AFTER RECESS—2 O'CLOCK P. M.

TESTIMONY OF MR. THOMAS J. HOGAN.

Mr. BARNETT. Your address and business position, Mr. Hogan?

Mr. HOGAN. Chicago; secretary of the Stove Founders' National Defense Association.

Mr. BARNETT. When was the Stove Founders' National Defense Association organized?

Mr. HOGAN. In 1886.

Mr. BARNETT. And you had your first agreement with the molders' union in 1890?

Mr. HOGAN. 1891.

Mr. BARNETT. What was the history of the association in its relation to the molders' union from 1886 to 1891?

Mr. HOGAN. All the time fighting.

Mr. BARNETT. About what things; what were the difficulties?

Mr. HOGAN. All kinds of questions that came up, and very often on the wage question.

Mr. BARNETT. Did your association aid the members of your association in strikes?

Mr. HOGAN. Oh, yes; always.

Mr. BARNETT. And in any other way?

Mr. HOGAN. Well, no.

Mr. BARNETT. You aided them by paying them for the losses in strikes?

Mr. HOGAN. Yes.

Mr. BARNETT. And by assisting them with men?

Mr. HOGAN. Yes; both ways.

Mr. BARNETT. Did you help them by placing the work in other foundries?

Mr. HOGAN. Yes.

Mr. BARNETT. Is there any other organization of the manufacturers in the stove trade?

Mr. HOGAN. Not that I know of. I mean, in dealing with organizations, there is another organization.

Mr. BARNETT. What is the name of that other organization?

Mr. HOGAN. The National Association of Stove Manufacturers.

Mr. BARNETT. Are you an official of that organization?

Mr. HOGAN. No; not now.

Mr. BARNETT. You were?

Mr. HOGAN. Yes; I was for a number of years. I was secretary of it.

Mr. BARNETT. What are the functions of the National Stove Manufacturers? How did they differ from the defense association?

Mr. HOGAN. They look altogether after the commercial side of the business.

Mr. BARNETT. In what way do you mean—"after the commercial side of the business"? Explain a little more fully.

Mr. HOGAN. Any question that comes up in the line of freights, or questions of that kind, they get together and talk them over.

Mr. BARNETT. They talk over the question of freights?

Mr. HOGAN. That is one of the principal things.

Mr. BARNETT. Are there any other functions of the association?

Mr. HOGAN. They also talk over costs, and have issued a national association cost book, and have met on many occasions; sometimes when they want to get a change in prices, and so on, they get together and talk it over; they never agree to any advance in price, but they talk it over.

Mr. BARNETT. They get together and talk over the prices of the manufactured product?

Mr. HOGAN. Yes.

Mr. BARNETT. Do they have any officials who are engaged in the cost systems of the associations?

Mr. HOGAN. They have now; what they call their cost expert.

Mr. BARNETT. What are his functions?

Mr. HOGAN. He goes around to see the different people and looks into their costs, and very often has to show them how to get at it and how to work it out.

Mr. BARNETT. Are those associations practically coextensive in their membership, or are there members of one who are not members of the other?

Mr. HOGAN. Yes.

Mr. BARNETT. So that it is not necessary for a man to be a member of the manufacturers' association in order to be a member of the defense association?

Mr. HOGAN. No.

Mr. BARNETT. How largely does the membership overlap of the defense association and the association of manufacturers?

Mr. HOGAN. The national overlaps, probably, 20 or 25; maybe more.

Mr. BARNETT. How do you mean? Twenty or twenty-five per cent?

Mr. HOGAN. No; 20 or 25 members.

Mr. BARNETT. How many members are there of the defense association?

Mr. HOGAN. About 78 or 79.

Mr. BARNETT. And of those you mean, then, how many are members of the association of manufacturers?

Mr. HOGAN. I couldn't tell you exactly, but pretty nearly all of them are.

Mr. BARNETT. Pretty nearly all of them are?

Mr. HOGAN. Yes.

Mr. BARNETT. What do you mean by overlapping 25?

Mr. HOGAN. Twenty-five are members of the association of manufacturers.

Mr. BARNETT. And are not members of the defense association?

Mr. HOGAN. No.

Mr. BARNETT. Why are they not members of the defense association?

Mr. HOGAN. The defense association will not take in everybody; we have never solicited membership, and if a man makes application, it is looked into pretty thoroughly, and if he is in trouble with labor, and is peculiarly situated so, they will not take him in.

Mr. BARNETT. If he is at that time in trouble with labor?

Mr. HOGAN. Yes.

Mr. BARNETT. Have most of these manufacturers applied for membership in that association and been rejected, or would they like to come in?

Mr. HOGAN. I don't know whether they would like to come in, but two or three were rejected that applied.

Mr. BARNETT. On the ground that they had difficulties with labor which would make their presence undesirable?

Mr. HOGAN. Yes.

Mr. BARNETT. Are members of the association bound to the association in any way by a bond? You know that in certain employers' associations it is customary for the members to give a bond?

Mr. HOGAN. Yes.

Mr. BARNETT. Is there anything of that sort in this association?

Mr. HOGAN. No.

Mr. BARNETT. Is any member at liberty to retire when he sees fit?

Mr. HOGAN. Yes; but in becoming a member he has to pay into an emergency fund, which goes on for years, and sometimes it costs him quite a lot of money.

Mr. BARNETT. How much does it cost a man to get in? Does it depend on the number of molders?

Mr. HOGAN. Yes.

Mr. BARNETT. On how many molders?

Mr. HOGAN. \$25 or \$90 a mold.

Mr. BARNETT. Which is the largest shop in the country—how many molders?

Mr. HOGAN. Three hundred and fifty.

Mr. BARNETT. So that he would have to pay into that fund twenty-five times \$350 to come in?

Mr. HOGAN. Besides the annual dues, and also an initiation fee, which is \$50, and the dues are \$25.

Mr. BARNETT. And this emergency fund?

Mr. HOGAN. Yes; this \$25 would be his pro rata part of that.

Mr. BARNETT. \$25 would be his pro rata part of the present emergency fund?

Mr. HOGAN. Exactly.

Mr. BARNETT. And if he retires from the association he does not get anything refunded? He would lose all claim to the money?

Mr. HOGAN. The only way he can get it refunded is when he goes out of business.

Mr. BARNETT. When he goes out of business he gets his money back?

Mr. HOGAN. Yes.

Mr. BARNETT. You heard Mr. Valentine's testimony this morning as to the very successful work the conciliation agreement has done in the stove trade?

Mr. HOGAN. Yes.

Mr. BARNETT. Have you had any similar agreement with other trade unions?

Mr. HOGAN. Yes; we have.

Mr. BARNETT. With what unions?

Mr. HOGAN. The metal polishers and the stove mounters.

Mr. BARNETT. Suppose we take up those separately—the metal polishers. When was that agreement formed or made?

Mr. HOGAN. I do not know. About 10 or 12 years ago, I guess.

Mr. BARNETT. With the polishers?

Mr. HOGAN. Yes.

Mr. BARNETT. 1902; is that right?

Mr. HOGAN. I might say that, but I am not sure.

Mr. BARNETT. How long did it last?

Mr. HOGAN. Four or five years.

Mr. BARNETT. Is 1909 right?

Mr. HOGAN. I think so.

Mr. BARNETT. Was it similar or identical, in its fundamental parts, with the agreement with the Stove Founders' Defense Association?

Mr. HOGAN. Yes.

Mr. HOGAN. All kinds of questions that came up, and very often on the wage question.

Mr. BARNETT. Did your association aid the members of your association in strikes?

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Mr. BARNETT. Pretty nearly all of them are?

Mr. HOGAN. Yes.

Mr. BARNETT. What do you mean by overlapping 25?

Mr. HOGAN. Twenty-five are members of the association of manufacturers.

Mr. BARNETT. Was there not a question as to the right of the mounters' union to levy a boycott on the members of the Stove Defense Association involved in the breakdown of that agreement?

Mr. HOGAN. No; the metal workers did attempt to establish a boycott, but we insisted on their quitting it, and they did. On one of our members they undertook to establish a boycott.

Mr. BARNETT. That was the polishers' union?

Mr. HOGAN. Yes.

Mr. BARNETT. Was that the reason for the breakdown of the polishers' agreement?

Mr. HOGAN. No; I do not think so.

Mr. BARNETT. That was simply an understanding in the matter?

Mr. HOGAN. Yes.

Mr. BARNETT. What was this rule about a boycott?

Mr. HOGAN. Do you mean their rule?

Mr. BARNETT. No; your rule in your "declaration of policy," or whatever it is called.

Mr. HOGAN. We had something that covered that, I think. [After examining pamphlet.] I thought we had something in regard to that, but I do not see it here now.

The ACTING CHAIRMAN. That is in the molders' agreement.

Mr. HOGAN. I thought there was another one. The molders' agreement was in 1904.

Mr. BARNETT. Just tell us the substance of it.

Mr. HOGAN. It is as follows:

"The International Molders' Union of North America shall not itself, nor by any of its agents, in any manner discriminate against the goods manufactured or sold by any member of the Stove Founders' National Defense Association because of the unwillingness of such member of said association to use the union label, and that a copy of this resolution be duly attested by the presidents and secretaries of the respective organizations, with the seal of each organization attached thereto, and a facsimile be furnished each member of the Stove Founders' National Defense Association and each local of the International Molders' Union of North America."

It was on account of the label.

Mr. BARNETT. What was the rule about the boycott, as nearly as you can remember? You can file that statement of that declaration of policy later.

Mr. HOGAN. If there is any organization that introduces a boycott, it would have to be taken off in 30 days, or else we would discontinue the agreement with them.

Mr. BARNETT. Did that mean a boycott of any member of your association who was in agreement with the union? Some of the members of your association are not under that agreement, as I understand it. Some of the members of the National Defense Association do not conduct their shops under the agreement. Is that not right?

Mr. HOGAN. Not that I know of.

Mr. BARNETT. Is it not?

Mr. HOGAN. There are two nonunion shops; that is all; but they are subject to our agreements.

Mr. BARNETT. They are subject to your agreements in what way, Mr. Hogan?

Mr. HOGAN. The same as any other members.

Mr. BARNETT. That is, as to the rate of wages fixed?

Mr. HOGAN. Yes.

Mr. BARNETT. And all these shop rules in the conference agreement are obeyed by them?

Mr. HOGAN. If they are called up, we would have to decide they would have to use them.

Mr. BARNETT. They would have to follow them?

Mr. HOGAN. Yes.

Mr. BARNETT. Suppose there is a disagreement in such a nonunion shop; how is it settled?

Mr. HOGAN. We have not had any disagreements there that we had to take up.

Mr. BARNETT. Have you not a clause in your conference agreement which provides for the settlement of disagreements in such nonunion shops?

Mr. HOGAN. I think we have; yes. Here it is. It says:

"Whenever a difficulty arises between a member of the S. F. N. D. A. whose foundry does not come under the provisions of clause 3, 1891 conference, and

the molders employed by him, and said difficulty can not be amicably settled between the member and his employees, it shall be submitted for adjudication to the presidents of the two organizations or their representatives without prejudice to the employees presenting said grievance."

Mr. BARNETT. Do you understand that to provide there shall be no suspension of work in the shop of such a member pending such adjudication?

Mr. HOGAN. There never is and never has been.

Mr. BARNETT. There has been no disagreement?

Mr. HOGAN. I mean there has never been any time when we went out—that is, in a nonunion shop—that I know of.

Mr. BARNETT. There has never been any suspension of work in a nonunion shop?

Mr. HOGAN. No.

Mr. BARNETT. So, to sum up, Mr. Hogan, you regard the breakdown of the polishers' agreement and the mounters' agreement, which were identical in structure with that of the molders, to the failure of those two unions to secure higher rates of wages?

Mr. HOGAN. No.

Mr. BARNETT. Or to the character of the—

Mr. HOGAN. The character of the people that run it.

Mr. BARNETT. But, as a matter of fact, they did not secure rates of wages?

Mr. HOGAN. Yes, sir.

Mr. BARNETT. An advance in rates of wages?

Mr. HOGAN. Yes, sir; they did receive advances.

Mr. BARNETT. Did they receive advances of as much as the molders received?

Mr. HOGAN. About the same.

Mr. BARNETT. Has there ever been any difficulty, Mr. Hogan, to go for a moment to the agreement with the molders, settling, through yourself and through the representative of the molders' union, differences in the shops? Have such difficulties been delayed in any considerable length of time in settlement?

Mr. HOGAN. It has never happened more than twice anyway, and only once in my time.

Mr. BARNETT. How long a delay intervened?

Mr. HOGAN. It was referred to the conference committee and by them taken up, and it was decided against our member and he almost immediately resigned.

Mr. BARNETT. How long does it ordinarily take for a shop difficulty to be settled by you and a representative of the molders' union?

Mr. HOGAN. Just as soon as we get there.

Mr. BARNETT. I suppose you can not get there sometimes for some little while?

Mr. HOGAN. Oh, no. Sometimes it takes four or five or six months that might go by, but they have to go on working, and when it is settled they get it from the time it was first applied for.

Mr. BARNETT. You have never had any strike during this time on account of the impatience of the men?

Mr. HOGAN. Not with the molders.

Mr. BARNETT. Did you have with the mounters or polishers?

Mr. HOGAN. Yes; we did with the mounters; we never did with the polishers.

Mr. BARNETT. During the time when the grievance was filed and before the settlement could be made, the mounters went on a strike?

Mr. HOGAN. Yes. But that was after they had determined their agreements. They made demands and our people would not accede to them, and then they had a strike, and we supported the members.

Mr. BARNETT. Are there many machines used in stove foundries?

Mr. HOGAN. Yes; quite a number.

Mr. BARNETT. What kind of machines?

Mr. HOGAN. Molding machines.

Mr. BARNETT. Is there any particular type of machine used in the stove foundries?

Mr. HOGAN. Yes; but I can not call the names of them now.

Mr. BARNETT. How many of those machines operated at the present time—by molders?

Mr. HOGAN. In a few cases; that is all. There has no settlement been made in the way of pricing this kind of work, and most of them are operated by apprentices.

Mr. BARNETT. Are any of them operated by handymen?

Mr. HOGAN. Very few, I think; if there is any. I do not know.

Mr. BARNETT. Would that be objected to? Has there ever been any objection to that on the part of the molders' union?

Mr. HOGAN. No. The only thing is, of course, where we put them on that way we call them apprentices.

Mr. BARNETT. At the present time the understanding is that in the absence of any conference agreement on any particular question, the matter shall be left open—that is, the employer shall be allowed to use his own discretion—until such time as an agreement is reached, is it not?

Mr. HOGAN. I do not know that it is exactly that way. There is no change that can be made in shop rules, without both parties are agreeable to it; that is, the firm and its men.

Mr. BARNETT. Is there any national shop rule at the present time in the molders' union, so far as you know, with reference to the use of a handy man on machinery?

Mr. HOGAN. Not that I know of; no.

Mr. BARNETT. Are there rules in the local union?

Mr. HOGAN. No.

Mr. BARNETT. That is, there is no objection on the part of the local unions to the use of a handy man on a machine?

Mr. HOGAN. None; if they are ruled as apprentices or put in as apprentices.

Mr. BARNETT. So that at the present time practically all the shop rules—and I mean by shop rules the rules which affect the conduct of the industry in any way—are settled entirely by joint agreement between the molders and the national association?

Mr. HOGAN. No; in regard to the shop rules or conditions in the shop, that is taken up between the firm's own men and themselves.

Mr. BARNETT. I did not mean shop rules in that sense. I am using the term "shop rules" in the sense of any rule of a union which affects the conduct of the industry, such, for example, as the apprenticeship rule, the rule about the use of machines, or any rule of that kind.

Mr. HOGAN. No; we are not affected in that way.

Mr. BARNETT. Do you have any difficulties with the local unions imposing rules which are at variance with the conference agreements?

Mr. HOGAN. Sometimes; yes.

Mr. BARNETT. In what way? Will you illustrate that?

Mr. HOGAN. They want something done that is in opposition to the conference agreement and they go out of their own accord. We immediately notify the president, Mr. Valentine, and he looks after it that they get back to work. If they have any grievance it has to be taken up in regular form.

Mr. BARNETT. It is an understood thing between your association and the officers of the national union that local unions can not impose shop rules of their own origination? That power of legislation is taken out of their hands?

Mr. HOGAN. They certainly can not.

Mr. BARNETT. What are the kinds of grievances which you and the representative of the molders' union take up? What are the kinds of grievances which you have to settle chiefly?

Mr. HOGAN. You might say most all kinds of grievances come up during the year, but generally settling the prices for new work going in.

Mr. BARNETT. That is, that the employer and the committee can not settle in the matter of price?

Mr. HOGAN. Yes.

Mr. BARNETT. You never have questions come up with reference to whether or not a man is a union man?

Mr. HOGAN. Very seldom. We have had one or two cases, but the men were left there at work.

Mr. BARNETT. What is the understanding about that?

Mr. HOGAN. There is no understanding.

Mr. BARNETT. What was the character of the decision?

Mr. HOGAN. It was simply some kind of work that was needed very badly and there was no man in the shop that could do it, and they got a man that could make it, and he was a nonunion man and he was allowed to work.

Mr. BARNETT. Are there outstanding issues at the present time between your organization and the molders' union?

Mr. HOGAN. No. The only thing is the settling of the pricing of molding machines.

Mr. BARNETT. And that is, as Mr. Valentine described it this morning, a question as to the number that shall be made?

Mr. HOGAN. It is supposed to be settled that way, according to the product or the amount that a man can get out on it. But, as they say, a man has to work harder if they urge him to put up all he can, and of course it makes it harder to pour it off, because, as he says, when one man is putting up 100 and another man 200, the 200 takes more iron than the 100.

Mr. BARNETT. Do you know whether the use of machines is relatively less or greater in the shops of the members of your association or in the shops of the National Founders' Association?

Mr. HOGAN. I think they are more in the National Founders' Association, because they have a greater number and there is a greater variety of business.

Mr. BARNETT. That is because of the difference in the character of the work?

Mr. HOGAN. Yes.

Mr. BARNETT. Stove molding as yet has not become much of a machine industry; it is chiefly a hand industry?

Mr. HOGAN. They are coming to it more and more all the time. Our members are increasing the number of machines they are putting in.

Mr. BARNETT. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. O'Connell, have you any questions?

Commissioner O'CONNELL. I just want to ask about the polishers and mounters. They are still employed in your shop, are they not?

Mr. HOGAN. Yes; and we take up their grievances and adjust the cases.

Commissioner O'CONNELL. You take up their grievances and adjust them as you did before the agreement was abrogated?

Mr. HOGAN. Yes.

Commissioner O'CONNELL. The understanding is just the same as it was before, except their general agreement has been abrogated?

Mr. HOGAN. I have always taken it up with them.

Commissioner O'CONNELL. And you meet their officers just as you did before?

Mr. HOGAN. Yes.

Commissioner O'CONNELL. I recall having seen you and the president of the metal polishers in St. Louis not long ago.

Mr. HOGAN. Yes; both of those organizations have asked us to renew the agreements again, but I do not think our people will do it.

Commissioner O'CONNELL. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Lennon?

Commissioner LENNON. I would like to ask one question that may not be clear. In the matter of putting apprentices on machines you are limited to the number of apprentices allowed to the journeymen, the same as provided by the rule set forth by Mr. Valentine?

Mr. HOGAN. Yes.

Commissioner LENNON. If you put in 20 machines, you would not put in 20 apprentices if there were only 5 allowed under the agreement?

Mr. HOGAN. Oh, no.

The ACTING CHAIRMAN. Mr. Ballard?

Commissioner BALLARD. You said you had no suspension of work in nonunion shops. Was there any suspension of work in union shops?

Mr. HOGAN. No; except in a few cases where the men would go out locally and be out for a few days; that is all. That has been kept up in very good shape.

Commissioner BALLARD. You said sometimes you put on an extra man or two to do extra work the men in your shop were not prepared to do. Are those men required to take out union cards?

Mr. HOGAN. No.

Commissioner BALLARD. That is all.

The ACTING CHAIRMAN. Mr. Delano?

Commissioner DELANO. Mr. Hogan, you have heard the testimony yesterday and to-day on this question?

Mr. HOGAN. A good deal of it, I guess.

Commissioner DELANO. It developed in that testimony that as between the association of stove makers and the molders' association the trade agreement had worked out satisfactorily, whereas as between the general foundry men and the molders' union the trade agreement has not worked out. Will you explain the reason for that or give your own reason?

Mr. HOGAN. With the foundry men's association, they never wanted to agree with the molders—that is, since 1904 or 1907, I do not remember which it was,

when Mr. Briggs was a member. I never knew them to agree to anything after that. They were entirely opposed to it.

Commissioner DELANO. Even that does not explain why the trade agreement has worked in one case and not in another, because there was a trade agreement between the foundry men and the union which had been in effect for five years or seven years and was then abrogated.

Mr. HOGAN. When they originally started they took it from our agreements, and as long as they kept that up they seemed to get along all right.

Commissioner DELANO. I think you testified there were something like 78 manufacturers in your association?

Mr. HOGAN. Yes.

Commissioner DELANO. As I recall it, testimony was given yesterday that there are something like 8,000—not in the foundry men's association—but 8,000 employers in the general foundry business of the country. Is that approximately correct?

Mr. HOGAN. I do not know anything about the foundry men. In the stove industry there are about 230 or 240. Our members make about 75 or 80 per cent of the product—75 per cent anyway.

Commissioner DELANO. What I want to find out, if you can tell us, is why the trade agreement was successful in one case and not in another. I assume—I do not know whether correctly or not—that the character of the men or the employers in each case is very much the same. I do not imagine the men that are engaged in the foundry business of the country differ materially from the men engaged in stove manufacturing.

Mr. HOGAN. The stove manufacturers have been educated up to that standard, that is to try to get along with their men and try to reach agreements with them. You see, we were about the first manufacturers' organization to treat with organized labor, and we started in 1886, and it was in 1891 that we first got together on conference agreements. But, as Mr. Valentine stated this morning, on our side we had some people who thoroughly understood all the parts of the molding, and all that kind of thing, and who were molders themselves, and of course it made it easier for them to understand anything the molders were driving at or driving for. I was on the first conference that they ever held, and there were two others on there that had worked at molding. I have worked at molding; I learned the trade.

Commissioner DELANO. Mr. Hogan, was the fact that the employers were more compact and better organized a fact that had anything to do with it?

Mr. HOGAN. No; I think they understood the situation of the workman a good deal better. In the other organization there might be some there that had started in on the floor, but still they were not connected with the executive part of it. Of course, I do not know much about the other association. I can not say anything for it any more than just what I said—that I never thought they did want to agree with them after the first five years, when they had those agreements.

Commissioner DELANO. I think that is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Weinstock?

Commissioner WEINSTOCK. You have explained, Mr. Hogan, that there were two unions, I think, who did not renew their agreements with your association on the ground that they could do better without agreements than with agreements.

Mr. HOGAN. That is the way they talked.

Commissioner WEINSTOCK. Would that indicate then that trade agreements are not always mutually advantageous?

Mr. HOGAN. They talked that way, but since the agreements went out, they never got anything unless it is what they got in individual cases. They never have come up as do these other questions annually, and we never get any advance from them except a demand here and a demand there. Those we have taken up with them and straightened out. During the past year we have met with both those organizations, the metal workers and the stove mounters, probably 10 or 12 demands from each one of them, and we have taken them up. They demanded an advance of about 12½ or 15 per cent. None of them got it.

We took it up with them and satisfied them that they could not get it, and they let it go at that.

Commissioner WEINSTOCK. How many different kinds of union does your association deal with?

Mr. HOGAN. Well, we deal with the molders' union and with the stove mounters and also the metal polishers.

Commissioner WEINSTOCK. Three unions?

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. And out of the three you have agreements with one and have no agreement with the remaining two?

Mr. HOGAN. We did have agreements with the other two.

Commissioner WEINSTOCK. How many strikes have your people had in the last 10 years that you can remember?

Mr. HOGAN. With the molders, none in 24 years. With the stove mounters we have had one; there might have been 15 or 20 concerns affected by it.

Commissioner WEINSTOCK. What was the duration of the strike?

Mr. HOGAN. The men have never come back to work since, and they have other men working there. They kept right along.

Commissioner WEINSTOCK. They lost the strike?

Mr. HOGAN. They lost the strike.

Commissioner WEINSTOCK. What was the cause of it?

Mr. HOGAN. I think it was a demand for more wages; I think so.

Commissioner WEINSTOCK. The other unions did not strike in sympathy?

Mr. HOGAN. No; we have never had any sympathy strikes.

Commissioner WEINSTOCK. Have any of your members introduced into their plants the so-called efficiency system?

Mr. HOGAN. Not that I know of.

Commissioner WEINSTOCK. Not any of them?

Mr. HOGAN. I do not know of any of them. Maybe one or two of them tried it; but I don't believe it ever worked.

Commissioner WEINSTOCK. What, as an employer, have you found to be the advantages and disadvantages of dealing with organized labor?

Mr. HOGAN. Well, I have found it very advantageous for the stove manufacturer.

Commissioner WEINSTOCK. In what way? Please explain what the nature of the advantages is.

Mr. HOGAN. In the first place, they have had, since they started making these agreements, they have had no strikes. That is one great thing, and they have always managed to make agreements with these men and have them carried out. I might say that we have had demands made on us by the molders' union for from 15 to 20 different things there, and in 24 years we have agreed on 28 propositions out of—well, you might say 3,000—I should say about 3,000 demands that were made.

Commissioner WEINSTOCK. You say, then, that the chief advantage in dealing with unions is due to the fact that you have had industrial peace?

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. Now, what, if any, have been the disadvantages?

Mr. HOGAN. Well, I do not know. I would not say there were any.

Commissioner WEINSTOCK. No disadvantages?

Mr. HOGAN. No; because—well, there were sometimes, of course, when men did things that we claim are in violation of the agreement; but they are all straightened out very soon.

Commissioner WEINSTOCK. As a matter of choice, would you rather see the unions remain in existence, or be wiped out?

Mr. HOGAN. I would rather see them in existence; if I was running a factory of my own, I would not have anything else; not while I was a member of the defense association.

Commissioner WEINSTOCK. That is, you would rather do collective bargaining rather than do individual bargaining?

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. Do you get higher efficiency from members of the union than you do from the average nonunion man?

Mr. HOGAN. No question about it.

Commissioner WEINSTOCK. You do get higher efficiency?

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. That is, the union men as a rule represent the higher skilled workers?

Mr. HOGAN. Yes. I have had some men from the other side, and I have always found the union men the best men. Of course they have to learn the trade, and they become good men. Then, of course, there are men that are not good, not steady workers, or drink, and one thing and another, but, of course, we do not bother with them very much.

Commissioner WEINSTOCK. It will be interesting for the records of the commission, Mr. Hogan, if you would tell us whether your association has met with any of the difficulties that seemingly were met by the association represented by Mr. Briggs. He said that his association was unable to get the unions to arbitrate with him. Have you had any difficulties along those lines?

Mr. HOGAN. Well, on that arbitration question, in our agreement it says that all matters will be taken up by arbitration. I was on that first conference committee when that first question was brought up, and at that time we did not know very much about conciliation, or anything of that kind, and it was distinctly understood at that time that the arbitration met, and there would be the same number on each side, and they had to get together and agree, and if they did not, there would be trouble; and there has been not more than two or three cases where it has been brought up that way.

Commissioner WEINSTOCK. I take it, then, that you do not agree with Mr. Briggs in his statement that he believes that individual bargaining will obtain more for the worker and a better wage than collective bargaining?

Mr. HOGAN. I never knew it to happen; always when they made individual agreements they always tried to get them just as low as they could.

Commissioner WEINSTOCK. The statement was also made that his experience was that the unions did not come to the employer in a conciliatory spirit, but that they came demanding the limitation of apprentices and the nonintroduction of machinery, and a closed shop, etc.

Mr. HOGAN. I have never known them to make demands of that kind; that is, the international unions. That might be made by locals, but still we have not had anything of that kind.

Commissioner WEINSTOCK. What has been the spirit of the unions in meeting you?

Mr. HOGAN. With us it has always been friendly.

Commissioner WEINSTOCK. And conciliatory?

Mr. HOGAN. Yes. You see, we started with them in 1891, and they never got anything much out of us until 1899. That was when we made the first advance to them, the year 1899. There we had been running nine years, and during that time we had taken up the question with them of equalizing the prices throughout the country, and we did that pretty thoroughly.

Commissioner WEINSTOCK. Equalizing your selling prices?

Mr. HOGAN. No.

Commissioner WEINSTOCK. Wages?

Mr. HOGAN. The base price of the wages; what they call the board prices. To-day in the stove business there is very little difference between one section and another, so far as the board prices are concerned.

Commissioner WEINSTOCK. They have been equalized?

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. What are the present relations between the workers and the employers?

Mr. HOGAN. Excellent.

Commissioner WEINSTOCK. Are the relations cordial or hostile?

Mr. HOGAN. Cordial.

Commissioner WEINSTOCK. The relations between the two are cordial and friendly?

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. Mr. Briggs stated that he found that the most difficult problem to solve was that of apprentices. What has been your experience in that connection?

Mr. HOGAN. Well, you know when we started the agreement with the molders the ratio was 1 to 8, and we have from time to time wanted them to change that to 1 to 4, and they always objected to it, and when we started these agreements there were quite a number of our members who were running what they called open shops; that is, a good many of their workmen were nonunion men, but gradually these agreements brought them out, so that a man joined the union, and up to—well, for the last 10 years, we have only two concerns that are running nonunion.

Commissioner WEINSTOCK. If you were here, you probably heard Mr. Briggs say that with the number of apprentices allowed in the molders' union, the molders would be almost extinct; almost an extinct species in 20 years. What is your opinion of that?

Mr. HOGAN. I do not believe it, in any sense.

Commissioner WEINSTOCK. You think you are recruiting enough to replace the men that drop out?

Mr. HOGAN. The 1 to 5 brings them up all right, I think.

Commissioner WEINSTOCK. You have no fear, then, of the species becoming extinct?

Mr. HOGAN. No.

Commissioner WEINSTOCK. Mr. Briggs also gave it as his experience that on the introduction of a machine to make pulleys, the union men made but three a day, while a nonunion man made seven a day at the start, and averaged later nine a day.

Mr. HOGAN. I think that may be true, and the reason for that is this, that the molders were very much opposed to the machinery; in fact, as I say, we used mostly apprentices for the last eight years, and the molders were very much opposed to it; and not only that, but I think their international officers were a little bit against it. But from time to time they began to see that the machines were something that had come to stay, and they finally—

Commissioner WEINSTOCK. Reconciled themselves?

Mr. HOGAN. Yes; they thought that they would fall in line, but we have not settled that thing yet.

Commissioner WEINSTOCK. Now, does the molders' union, or any of the other unions that you operate with, stand for a diminishing output?

Mr. HOGAN. Well, yes; I think the metal workers do. That is about all, now.

Commissioner WEINSTOCK. They put restrictions on the output of each man?

Mr. HOGAN. Yes; of their own men.

Commissioner WEINSTOCK. They must not produce more than a certain quantity in a day?

Mr. HOGAN. They say, "Here, the limit here is four hours, and the limit there is four and a half hours," and so on; and they keep that up pretty well. I was talking with Mr. Daley, who is the president—

Commissioner WEINSTOCK. I do not mean a minimum wage, but the output.

Mr. HOGAN. That is the way they make it.

Commissioner WEINSTOCK. Where they are operating on piecework?

Mr. HOGAN. Yes; pretty nearly everything is piecework.

Commissioner WEINSTOCK. And they provide that they must not aim to earn more than \$4 a day?

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. If he exceeds the amount what do they do to him?

Mr. HOGAN. They discipline him, I suppose.

Commissioner WEINSTOCK. They discipline him?

Mr. HOGAN. Yes; and where they run over that, they say to the foreman, "Keep that back until some other time," and get us in that way.

Commissioner WEINSTOCK. Is that conducive to the best results?

Mr. HOGAN. No, sir.

Commissioner WEINSTOCK. You do not think so?

Mr. HOGAN. No, sir; I am opposed to it.

Commissioner WEINSTOCK. You offer that as a criticism against the molders?

Mr. HOGAN. Yes, sir; but we do not do that with the molders. I think at one time they had it with the molders, but it was dropped.

Commissioner WEINSTOCK. This is only the metal polishers that put a maximum limit on the output?

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. You think that is disadvantageous to the man, and disadvantageous to the employer?

Mr. HOGAN. Very much so.

Commissioner WEINSTOCK. You feel that there ought to be no bar to the amount of earnings that a man can make?

Mr. HOGAN. I feel that way. I always did.

Commissioner WEINSTOCK. Mr. Briggs pointed out that the founders in his association have had much better success during the last 10 years, since the abrogation of the New York agreement.

Mr. HOGAN. Of course, I do not know anything about that. That is a question. He has had lots of strikes, I think, that he never had before. I never saw a strike that would help anybody.

Commissioner WEINSTOCK. You think they should be avoided in every possible way?

Mr. HOGAN. Yes; I have been through that. I was for 26 years a manufacturer myself.

Commissioner WEINSTOCK. Mr. Briggs, as you may remember, also gave it as his opinion that the trade agreement is not conducive to industrial peace in the metal trades.

Mr. HOGAN. It depends altogether how they are carried out. If you are looking for something that is entirely different, and that is against the ideas of your workmen, of course, it may turn out bad. The way we do, anything we want, any change we want, we take it up with them and we keep going at them until we get it or until it is settled.

Commissioner WEINSTOCK. Apparently the experience of your association, then, has been diametrically opposite to the experience of Mr. Briggs's association?

Mr. HOGAN. I think so.

Commissioner WEINSTOCK. His experience has been that agreements led to conflict, and were not conducive to the best results, did not lead to bettering the condition of the workers, and hampered the employers.

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. Your experience has been exactly the opposite of that?

Mr. HOGAN. Exactly the opposite.

Commissioner WEINSTOCK. That it has been conducive to industrial peace, that it has raised the standard, that it has brought about a more cordial and more kindly and friendly feeling between the employees and employer?

Mr. HOGAN. Yes; absolutely.

Commissioner WEINSTOCK. And as a choice, if you could abrogate the unions, you would not do it?

Mr. HOGAN. Yes.

Commissioner WEINSTOCK. That is all.

Mr. HOGAN. I have been working with them in the stove business, and I have been in it 47 years.

Commissioner COMMONS. You spoke, I think, about one or two local strikes of the molders. Is that all that occurred, during your recollection, in the 24 years—I mean shop strikes of one or two or three days?

Mr. HOGAN. No; there were no strikes.

Commissioner COMMONS. What is that?

Mr. HOGAN. There were no strikes at all.

Commissioner COMMONS. I think possibly you called them cessations.

Mr. HOGAN. No; it was practically a violation of our agreement, because the agreement says they shall not go out, no matter what the complaint is, and we can not shut up the shop; but once in a while the men get hot-headed, and they think they are asking for something they ought to get, and they do not get it and they go out; but it does not last more than a few days, because we immediately notify Mr. Valentine and he looks after it and they come back to work. That is all. It just makes a little trouble for a few days.

Commissioner COMMONS. Ordinarily that would be called a strike?

Mr. HOGAN. No, sir.

Commissioner COMMONS. Not a violation of the agreement?

Mr. HOGAN. No, sir.

Commissioner COMMONS. What?

Mr. HOGAN. It might be if we did not have the agreement; or if we did not have the association it might be called a strike.

Commissioner COMMONS. Your distinction, then, seems to be that as long as the national union orders them back it is not a strike.

Mr. HOGAN. It is not a strike; certainly not.

Commissioner COMMONS. Could you give us from your records, or are your records such that you could furnish us, a list of these strikes—these cessations—and their continuance?

Mr. HOGAN. When we go and settle them we always write out just what they shall do, but we never give a list to anybody.

Commissioner COMMONS. Then you would not, on request from this commission, feel like furnishing it?

Mr. HOGAN. No. It would not do you any good, and it is against our rules.

Commissioner COMMONS. What kind of statistics might we expect from you if we requested something further to help out our formulation?

Mr. HOGAN. I do not know of anything I could give you. If there was something you wanted particularly, and you would write me about it, I would try and

see if I could get it for you; but we do not give out any of our statistics at all, not even to our members.

Commissioner COMMONS. Is there any particular reason for that policy?

Mr. HOGAN. Well, yes; there have been times when our members objected very much. If they happened to have trouble with one department, or anything of that kind, and it was reported to the members, they immediately sent in a kick.

Commissioner COMMONS. A kick because the settlement was not—

Mr. HOGAN. No; because they did not want it mentioned.

Commissioner COMMONS. The member who had the trouble did not want it mentioned?

Mr. HOGAN. Yes. In fact, there was one case, I think, where the member—quite a prominent member—resigned. They afterwards came back, but they resigned at the time it was published that they had trouble with one of their departments.

Commissioner COMMONS. From their standpoint, why do they not like to have that published?

Mr. HOGAN. That is one of the reasons.

Commissioner COMMONS. They do not want it known that they have trouble?

Mr. HOGAN. They do not want it known that they have got trouble. They know that it will be fixed up very soon, and there is no need of publishing it.

Commissioner COMMONS. Did the molders' union, or the members of the molders' union, formerly place a limit on the amount of earnings that a man could make?

Mr. HOGAN. Did they what?

Commissioner COMMONS. Did they formerly have a limit on the amount of earnings?

Mr. HOGAN. No; I never knew it, only in a few instances where they claimed that they had a limit, and we asked to have it taken off, and it was taken off right away. I do not think it was ever done by the International union.

Commissioner COMMONS. It was done by local unions?

Mr. HOGAN. I suppose so.

Commissioner COMMONS. And they would place a limit on what a man might earn, of only four or five dollars—four dollars?

Mr. HOGAN. Yes.

Commissioner COMMONS. What reason have you for believing that such local limits are not maintained at the present time?

Mr. HOGAN. Well, I generally hear of anything of that kind.

Commissioner COMMONS. What is that?

Mr. HOGAN. If there is a limit anywhere, I hear of it.

Commissioner COMMONS. Do you have a minimum day wage on the basis of piece rates at all?

Mr. HOGAN. Well, no; the day rates are different in different places.

Commissioner COMMONS. Suppose a man is altogether on a piece job; do you guarantee that he will earn a minimum wage for the day?

Mr. HOGAN. No, sir.

Commissioner COMMONS. That is, it is not a premium?

Mr. HOGAN. We may take a man that is on piecework and put him on day-work, and if his job that he has been working on is greater than the day wage, he gets the price that he earned on his floor; that is, for a few days, just temporarily.

Commissioner COMMONS. There is no such thing, then, as a guarantee of a man getting any minimum wage?

Mr. HOGAN. No.

Commissioner COMMONS. Each man earns just what he can?

Mr. HOGAN. Yes.

Commissioner COMMONS. Then if a man is earning less than what you consider a competent man should earn, an old man, or a slow man, or anything of that kind, do you discharge him?

Mr. HOGAN. No.

Commissioner COMMONS. You have the right to discharge him?

Mr. HOGAN. We have, if we want to; but we do not. A man that is that way is usually a man that has been working in the shop for a long time. They do not employ any old men when they want men, and they may be men that get old in working for them. There have been cases where the firm has put those men on a pension; just simply put them on the list and paid them about what they could earn, and all they had to do was to come and draw their pay. That has been done.

Commissioner COMMONS. It seems that the molders' union has no limit on the earnings. Will you state how much, then, molders do actually earn in a day's work, of eight hours, I think it is?

Mr. HOGAN. No; they work about nine hours?

Commissioner COMMONS. Nine hours?

Mr. HOGAN. Some of them make seven and eight dollars a day.

Commissioner COMMONS. What would you say is the lower limit?

Mr. HOGAN. The average taken last fall was \$4.24, in the whole association.

Commissioner COMMONS. Can you give the number who earn less than the average of \$4.24?

Mr. HOGAN. No; I could not do that now.

Commissioner COMMONS. Could you furnish that kind of information to us if we requested it?

Mr. HOGAN. No; I could not. I will tell you why. That information was got up just for our conference, and after that it was done away with. We can not keep those things, only just for the time, to use them. We get this information from the members, and they do not want it given away, and they do not want it to be on record.

Commissioner COMMONS. Suppose we should simply ask it in such a way that the identity of the individual members should not be known; could it not be given? For instance, that 10 per cent are earning \$2, and 10 per cent are earning \$4, and so on. Could we get such information?

Mr. HOGAN. I do not think you could.

Commissioner COMMONS. How does the union assist you in doing away with these local restrictions on output?

Mr. HOGAN. Well, they just simply order them that they should not do it; that is all. Where it was done, they just told them that they must stop it, and they did.

Commissioner COMMONS. They follow their orders?

Mr. HOGAN. Yes.

Commissioner COMMONS. I believe Mr. Valentine stated that the union would decline to work with a man who refused to pay the union dues.

Mr. HOGAN. I never knew that to occur.

Commissioner COMMONS. Have you known of any strikes by local unions to force a man to quit work?

Mr. HOGAN. No.

Commissioner COMMONS. Or to pay the dues?

Mr. HOGAN. No; I never knew of anything of that kind.

Commissioner COMMONS. Then, so far as you know, the pressure that they bring on a man to join the union after he has been employed is simply outside of their ability to strike and force him to join? It is simply a moral force that they bring to bear?

Mr. HOGAN. A man generally pays; that is all there is about it.

Commissioner COMMONS. Have you any reason to think that men who join under those circumstances, who have been taken on as nonunion men, object to joining the union?

Mr. HOGAN. I could not say. We have never had anything of that kind, so I could not say.

Commissioner COMMONS. You have no knowledge of any employer coming to you and trying to protect one of his nonunion men against joining the union?

Mr. HOGAN. No, sir.

Commissioner COMMONS. We are very much obliged to you, Mr. Hogan.

TESTIMONY OF MR. JOHN P. FREY.

Mr. THOMPSON. Will you please give the reporter your name, residence, and occupation?

Mr. FREY. John P. Frey; Cincinnati, Ohio. I am one of the executive officers of the International Molders' Union, and I am editor of their official publication in addition.

Mr. THOMPSON. How long have you had that position?

Mr. FREY. I have been editor of that publication since 1903; from the beginning of 1900 to 1903 I was one of the vice presidents.

Mr. THOMPSON. Are you acquainted with the relations which the union has had with the Stove Polishers' Association?

Mr. FREY. Mr. Thompson, before answering that, there are two matters that I should like to call attention to, to get them in the record, for fear they will be passed over.

Mr. THOMPSON. Very well.

Mr. FREY. May I proceed?

Mr. THOMPSON. Yes.

Mr. FREY. This morning a statement was made relative to its taking 10 years or more to adjust the question of an apprentice ratio with the defense association, and there may have been an erroneous impression left, as a result of the reply. It is true that it took over 10 years to reach that agreement, but during that period whenever a member of the defense association found that he had insufficient apprentices in his foundry to meet his demands, the question was taken up by one of our officers, and by Mr. Hogan, and adjusted. That is, in individual cases the matter received attention, but it required over 10 years to secure a national agreement on the question.

The other matter is this: In the hearing yesterday afternoon I understood that a request was made, or permission was granted, to the National Founders' Association to introduce a statement covering all of the strikes which have occurred on the part of our members in the foundries operated by members of the defense association, and giving the reasons. I feel that if, for the information of the commission, data of that kind are supplied by the National Founders' Association, a copy, as soon as the commission receives it, should be forwarded to the International Molders' Union, so that we would be able to file our statement. I say that for this reason: I have seen a number of statements relative to the causes of our strikes issued by the National Founders' Association, and through lack of competent investigation, the reasons they gave for our striking were at variance with the actual reasons, and I presume that the commission will recognize the fact that nobody would know why we struck better than ourselves. I say that so that the record may be straight.

Commissioner COMMONS. In general, Mr. Frey, the commission would be glad if you would furnish a record of all these strikes from your own records, and then the commission will see to it, of course, that each side is properly safeguarded.

Mr. FREY. I just wanted to speak of that first.

Commissioner COMMONS. We would like to have yours, independently of whether they send theirs or not.

Mr. FREY. It would be a difficult matter, because we have had strikes in foundries operated by manufacturers who were members of the defense association, and some who were not members of the defense association, and we would have trouble to know which of these the commission is interested in.

Commissioner COMMONS. All this commission is interested in is strikes in the foundries of those who are members of the association. If you will give us a list of all the strikes in the industry—possibly it is a matter of official record already, but we should like to have it, if it is not too much work for you, from your office.

Mr. FREY. We may be able to prepare such a statement.

Commissioner COMMONS. We make the request of you, and we should be glad to have it.

Mr. THOMPSON. I will state again the question which I asked you: From your official position, are you acquainted with the relationships that existed between the union and the stove founders' association?

Mr. FREY. To a certain extent; yes.

Mr. THOMPSON. Are you also acquainted with the relationship that existed between the union and the National Founders' Association?

Mr. FREY. I had a personal contact with the question for four years.

Mr. THOMPSON. Are you able to state the reasons why the agreement with the one is maintained, and why the agreement with the other association broke down?

Mr. FREY. I may not be able to state the reason. I can give you my opinion.

Mr. THOMPSON. I should like to have your opinion with reference to both of those questions.

Mr. FREY. In a general way, I would say that the reason was not in the character of the foundry men, members of both associations, but rather in their policy; the attitude of their officers and their members toward the question of unionism; the willingness of one to allow education to do its work when problems of a general character arose, and the desire of the other to enforce the desire of their members; further, the willingness of the members of one association to assist in equalizing wages to a certain extent by districts, and the hesitancy or the unwillingness of the other to assist us in an effort to bring

wages in a district to a normally equal basis; the indifference of the members of one association toward the question of unionism in their foundries, and the active opposition of a number of the members of the other association to any union in their plant; the taking up of questions and endeavoring to reach a solution through a discussion of the merits of the principles involved, and the efforts of the other organization to build up machinery which would make trade agreements unnecessary, because the machinery of their organization would have to put the International Molders' Union and its local unions in the discard.

Mr. THOMPSON. You might state, Mr. Frey, more in detail the working of the two associations with reference to the question of wage scales, which you have mentioned as preventing the working of the agreement.

Mr. FREY. As has been testified to by Mr. Hogan and Mr. Valentine, wages in the stove foundries depend upon what you call the board price, or basic price—the price of the pattern—which is presumed to be the same in the same districts, except for such variations as there may be in the form of the patterns, and then the percentage in wages, which is reached through the international conference, that percentage being equal throughout the United States. At the present time it is 35 cents on the dollar; that is, the molders' earnings are computed on the piece, his board price or base price, and 35 per cent is then added to the base price; it means that, no matter where the stove molder goes, he is assured of practically the same rate of wages.

We had no such agreement or any such system to arrive at a wage rate with the National Founders' Association, and the wages in the jobbing and machinery foundries varied very considerably in near competitive points. Those cities that might be from 50 to 100 miles apart would have a difference of rate, in some instances 50 to 75 cents a day in the minimum. It was our effort to raise the wages in what we call these low-wage districts more rapidly than in the centers where the wage rate was higher, but we experienced considerable difficulty, because the officers of the National Founders' Association opposed our efforts to secure an advance in the minimum wage rate in the low-wage districts, seemingly, to us, as energetically as they had when they tried to secure an advance in wages in the districts paying higher rates.

Mr. THOMPSON. What is your opinion as to the varying character of the businesses of these two associations as affecting this question of settling on a wage scale?

Mr. FREY. I do not quite get that?

Mr. THOMPSON. You understand in the stove business it is principally stove work, of course?

Mr. FREY. Yes.

Mr. THOMPSON. Now, with reference to the National Founders' Association, it has been stated here that they have work all the way from casting watch charms, which weigh a trifling number of ounces, to pieces that weigh over 20 tons? Does the character of that business interfere with or prevent the making of a wage scale such as you have in the stove business?

Mr. FREY. I believe that it does; but in the majority of the jobbing and machinery foundries the day wage scale prevails. Members of the National Founders' Association contended for a piece wage system. We objected to it because of that very variety of work and the fact that what would be proper on the job to-day, when it came in next week might be entirely improper, and we did not believe that the piecework system is advisable and advantageous in stove foundries; that it is not advisable or fair to the molders in a large majority of the jobbing and machinery foundries, although in some of those jobbing and machinery foundries we do have a piecework system, where the shop is a speciality shop and where it has part of its work a speciality. There we frequently have piecework agreeable to us.

Mr. THOMPSON. What effort, if any, was made between the union and the National Founders' Association to see if they could establish a day wage in the shops of the association?

Mr. FREY. That was our continual effort from the time that the New York agreement was entered into, in 1899, until the National Founders' Association abrogated the agreement on their own part in 1904; it was our effort, and we succeeded in establishing minimum wage rates in a large number of cities through negotiating with representatives of that association.

Mr. THOMPSON. Locally?

Mr. FREY. Locally.

Mr. THOMPSON. Did the association raise any objection to the establishment of day rates locally and not establishing them as a national wage scale all over the country?

Mr. FREY. Well, my experience was that they always objected to establishing any wage scale. They would agree to a minimum, but they always held they were opposed to the recognition of such a thing as a minimum wage rate contrary to their policy, although they would enter into an agreement establishing one.

Mr. THOMPSON. Was the effort of your association devoted solely toward the establishment of a daily wage rate for the membership of the National Founders' Association or did you differentiate and try to establish a day wage in some shops and a piecework scale in other shops?

Mr. FREY. Our efforts were always to establish a day wage.

Mr. THOMPSON. In all of their foundries?

Mr. FREY. In all of their foundries except specialty foundries that were running on a piece basis, and then we did not disturb them.

Mr. THOMPSON. Did they ever agree to meet with you, or did they ever take up seriously the question of establishing any collective price for labor, or did they insist that the price for labor should be left to each individual shop, and that they should do business solely upon the individual bargaining of the molder with a firm?

Mr. FREY. No; it was not left to the individual. Our wage scales were generally negotiated for a city, and it would be a wage rate for that city. There have been some desultory conversations about a district wage scale, but we never reached the point where we ever discussed that with any effort to arrive at one; it was merely discussed sometimes as a condition that might be desired, but nothing more.

Mr. THOMPSON. What questions were brought up between your union and the National Founders' Association in this effort to determine on a standard or local wage scale?

Mr. FREY. I do not know just exactly what the trend of that question is.

Mr. THOMPSON. Was it brought up as between floor and bench molders, and did the National Founders' Association wish to have the privilege of varying in the prices paid to day men?

Mr. FREY. Yes; the National Founders' Association desired to have several differentials, as they termed them; that is, if a minimum of \$3 a day was established they desired to have a differential between the bench and the floor, and that differential was in existence in a number of localities. They also desired to have a differential in addition to that for men that they would hold were not fully skilled mechanics. It was our object to eliminate these differentials because changing conditions in the industry made the bench molders as valuable as a mechanic, and as hard a worker as a man on the floor. We could see no difference in his value as a producer, or the amount of labor which he performed, or the skill required, and we endeavored to eliminate the differential during the years that we were dealing with the National Founders' Association; we found it impossible to eliminate these differentials, but when they severed friendly relations with us we then started out to eliminate them ourselves, and I am pleased to state that we have succeeded.

Mr. THOMPSON. What reason did they give for their opposition in that regard?

Mr. FREY. That the bench molder was not worth as much as the floor molder in their opinion.

Mr. THOMPSON. They gave no facts? Is that the only argument they used to justify the position they took?

Mr. FREY. That was the only argument; there were no facts that could be advanced.

Mr. THOMPSON. What position was taken, if you know, with reference to the privilege of varying in the wages paid to different molders, if such a position was taken?

Mr. FREY. I do not get the drift of that question either.

Mr. THOMPSON. Did the founders wish to have the privilege of paying 40 per cent of the molders 10 per cent below the standard wage?

Mr. FREY. Oh, yes; but that was not brought on prominently until within a year or so of the time that they withdrew their friendly attitude.

Mr. THOMPSON. Do you think that had any material effect on the breakdown of the agreement?

Mr. FREY. No.

Mr. THOMPSON. Was there any question up between your union and the National Founders' Association with reference to the hours of work?

Mr. FREY. Yes.

Mr. THOMPSON. What was that question, and how was it met?

Mr. FREY. It was to secure a nine-hour day prevailing generally in 1890. We made a great deal of progress in securing the shorter workday through conferences with the commissioner of the National Founders' Association prior to 1903, or rather prior to 1904.

Mr. THOMPSON. Was the attitude of your union on that question to take it up piecemeal in these different localities, and did the National Founders' Association disagree with that method and wish to establish a national scheme?

Mr. FREY. It was our desire and our policy, and we carried it into effect, to secure a nine-hour day throughout the entire district at one time, so that all employers of our members would be on an equal footing insofar as hours of labor were concerned.

Mr. THOMPSON. You mean by competitive districts?

Mr. FREY. No; throughout the United States and Canada. That was our effort, and we succeeded in establishing a nine-hour day during a period of about three years, but we were forced to take that up locally, because where the foundrymen declined to grant it after conference, it went to the officers of the National Founders' Association, we met them in conference, and adjusted it.

Mr. THOMPSON. Did they raise any objection in regard to your method of bringing it up locally, in local districts, rather than making it a national question, dealing at once with the whole country.

Mr. FREY. Generally where we requested the nine-hour day the foundryman wanted us to get it from all his competitors first, and then come to him and he would be willing to give it.

Mr. THOMPSON. Was there any question between your union and the National Founders' Association with reference to the open shop?

Mr. FREY. I do not know how to answer that question, in order to give the exact conditions that existed.

Mr. THOMPSON. Was there any objection to shop organization or union organization in shops?

Mr. FREY. It was a peculiar condition; some members of the National Founders' Association were operating shops where none but our members were employed. We were aware of that and took it as something that could not be changed. In other localities the members of the founders association were actively engaged in trying to prevent our securing any organization in their foundries, while in other foundries, members of the association, the members of our union were discriminated against, those who took an active part were discharged, and every effort was made to wipe out the degree of organization we had succeeded in securing.

Mr. THOMPSON. I understand from what Mr. Valentine has said, that the attitude of mind of the members of your organization on the question of arbitration is that they believe in the conciliation method; that is to say, by representation on any board of an equal membership of both sides, in the absence of an umpire.

Mr. FREY. Yes; we are not favorable to arbitration as it is understood today, where the third man has a deciding voice, and as long as that question has been asked I would like to give the reason why.

Mr. THOMPSON. I would like to ask one more question on this other thing, and then you may; on the question which you now stated, in reference to the open shop and discrimination against the union men, which caused friction between your union and the National Founders' Association.

Mr. FREY. Yes.

Mr. THOMPSON. If you had a system of arbitration providing for an umpire to whom that matter could have been referred and a decision brought about, would not that have helped in a solution of the question and the possible keeping of the agreement alive between the two associations?

Mr. FREY. If the so-called umpire was a man of infallible judgment, who had the power to enforce his decision, perhaps so; otherwise not.

Mr. THOMPSON. You say with reference to enforcing decisions; have you any question but what the union would have lived up to the decision so made?

Mr. FREY. I have no doubt that the union would, and I am quite confident that the founders would not in some instances, because that has been my experience.

Now, on that question of arbitration, our experience is this, that where we have a point in dispute and we meet with equal members on each side and eventually agree to something, we feel that agreement is a bargain. Each side may have given away something that they did not desire to give away in order to secure some other condition, but whatever agreement is reached as the result of a bargain, both employers and workmen would feel that a bargain which they themselves have entered into is something which they at least can carry out, whereas the findings of a third man always or generally bring about a condition where one or the other party to the arbitration is forced to do something or concede something which is distasteful; and there is that feeling, "This is not a bargain which we reached; this is something forced on me," and the result is that they merely wait for a time when they can overturn that condition which they object to, and my personal experience would lead me to look with disfavor on arbitration except as a last resort, and between men who were incompetent to sit down and deliberately talk over the questions which they had in dispute.

Mr. THOMPSON. Taking the very situation which you have named, in regard to the difficulty arising from the open-shop question—or, as it has been called, the open-shop question—where men were discriminated against or discharged because of their affiliation with your union, in questions of that character don't you believe that the introduction of a third party, an umpire working with the representatives of each side, endeavoring to bring them together on the proposition, would have assisted you in settling these difficulties without the friction which you had in the method which you have adopted?

Mr. FREY. No; I believe that it would have been of no value whatever. In fact, in one large city in Pennsylvania, one of the largest manufacturing cities in Pennsylvania, we entered into an agreement with the National Founders' Association in 1900 establishing a minimum wage rate. The mere fact that our organization had been recognized to the extent of giving it or its members a wage rate proved very distasteful to a number of the members of the National Founders' Association, and during the year between 1900 and 1901 all of the official influence of the National Founders' Association proved insufficient to force their own members, in some instances, to pay the rate of wages to which that association had agreed. So if all the official strength of the association was insufficient to make its members pay a wage rate that we had agreed to and negotiated with them, certainly no individual acting as umpire could do anything.

Mr. THOMPSON. I was referring in that question of the umpire, Mr. Frey, more to daily questions which arise in the shop, including that question of discrimination, questions of discipline, and other matters of more or less an individual character between an individual workingman and the firm by which he is employed. I can very easily see that an attempt to force on the stove manufacturers, or even one member, a minimum wage, in which he does not believe from a business standpoint, would be resisted; and on such fundamental questions and matters of policy I think all would agree you can not force those questions over by the decision of a third man. But in regard to these daily matters that come up in the shop and relate to the individual, such as the very one you named, discrimination against the union man, do you still think the introduction of the umpire in that field, who would act, say, first as a conciliator to bring both the parties together, they each recognizing that he has no power to decide the thing if they do not agree thereto, and from that very fact having an influence on both of them to get them together, would not be an efficient piece of machinery in your trade and in the very matter you have mentioned?

Mr. FREY. I do not think it would be of value to any trade. We have a law in a number of States making blacklisting criminal. The courts of those States have held the law constitutional, but they can not reach the man who is doing the blacklisting. You can not get after him. They do not let you know they are blacklisting, they do it in such a clever way. It would take a very astute lawyer to discover there was even a trail to start to follow to the head, and when it comes to discriminating against the union man in a shop, there are a thousand and one excuses. The foreman and the employer would assure you "I would not discharge that man for anything in the world; I have not discharged him; I have only laid him off because work is slack in his line." They used to do that, and tell them boldly "It is because you are too active in the union"; but as time passed they got wiser and found excuses that sounded better. A third man would not help in that thing.

Mr. THOMPSON. If I should tell you that in a business—not the molder's business, but one in which there is an agreement between the employees and the firm, providing pay for what I may call the ordinary open-shop proposition, or, as it is called to-day, the preferential shop; that under that probably 400 or 500 cases of discrimination have come up, most of them cases perhaps that might have caused strikes and disturbances, at least in local shops, and that those questions of discrimination were settled by a board of arbitration, and that the board of arbitration consisted of three members, you still would not think that would be a wise piece of machinery for that purpose?

Mr. FREY. Not unless that piece of machinery had been working long enough to indicate its ability to do this work year after year.

Mr. THOMPSON. Would three years be a sufficient length of time?

Mr. FREY. No. I would want to know all the circumstances. I presume you refer to the protocol in New York?

Mr. THOMPSON. No; I am referring to the agreement in Chicago. The protocol in New York was arranged on the basis you mention, of an equal division of employers and employees, and it is my opinion, after investigating that situation, that the near breakdown was caused by the lack of an umpire to decide just such questions, trivial in offense as to the whole organization, but important as to the individual; and I believe by the introduction of a third man, the umpire proposition, the New York protocol will be saved and the agreement will grow.

But that is going outside of your trade, and I will not go into it.

Is there anything you would like to add to what has been said on the machine proposition, and on the question of the limitation of output of the materials, Mr. Frey? Would you like to add anything to that which has already been stated by the other witnesses?

Mr. FREY. I do not think I could add anything to it. The policy of the molders' union is not opposed to the introduction of machinery. It has not been for many years. The question does not arise over the introduction of the machine, but as to whether the machine will be operated under conditions where our union will have a chance to negotiate for the wages to be paid to the men that operate it. There is a good deal of prejudice on the part of some of our men against the molding machine. The prejudice arose originally for probably the same reason that workmen have always objected to the introduction of a machine. They saw in it a menace, as they thought.

The particular opposition which the molders have had against the molding machine—and that is an important feature—is the fact that it was adopted, or rather it was taken up, by many members of the National Founders' Association as an instrument to disrupt the molders' union.

The molding-machine manufacturers advertised the fact that "you do not need strikes if your plant is operated by molding machines," and the National Founders' Association, from the time that Mr. Briggs became commissioner and while he was president, devoted considerable time to advising their members to introduce the machine, because it weakened the strength of our union. Their official publication, the Review, contained many articles which were written with the object of convincing foundry men and molders that with the introduction of the molding machine the neck of the National Molders' Union was being wrung. Under those circumstances it is not surprising that many of our members acquired a very bitter prejudice against the molding machine. Nevertheless it has been our constant policy to raise no objection to the introduction of the molding machine.

A number of members of the National Founders' Association, who do not have that bitter feeling toward our organization, which is the official attitude of that organization, have had agreements with us for five or six years covering the operation of the molding machines in their plants. Their plants are very extensive, and the two which I have in mind are among the largest in the United States or Canada.

We have no trouble over the operation of these molding machines. We have no trouble in securing the price on them, but we have never received any intimation from those two large corporations that our attitude was any more unsatisfactory to them than our attitude toward any other wage question.

Mr. THOMPSON. If you are willing to state, Mr. Frey, will you tell the commission the nature of the agreements you have in Canada with reference to the use of the molding machines?

Mr. FREY. Where?

Mr. THOMPSON. In Canada. I understood you to say you had an agreement in Canada.

Mr. FREY. No; I said these corporations were as large as any in the United States or Canada. The two firms that I had in mind are in the United States. I do not care to mention their names.

Mr. THOMPSON. Would you object to stating the general nature of the agreements with those firms in reference to the use of the machine?

Mr. FREY. The agreement is that the firm will take up the pricing of the work which is made on those machines with the committee which we have in effect, and that in case they fail to reach a price President Valentine or one of his deputies will go there and fix a price. That is the only agreement we have—the same as any other agreement covering day men.

Mr. THOMPSON. Would you have any objection to furnishing this commission a copy of those contracts, leaving out the names of the firms?

Mr. FREY. I have not authority over the documents of the International Molders' Union. I would not want to make that promise. Perhaps our executive board or Mr. Valentine will take that matter up.

Mr. THOMPSON. I recognize you may not want to furnish the names of the firms, and I suggest that you may leave those names out.

Mr. FREY. If our executive board is agreeable, I certainly have no objection. Mr. THOMPSON. As I understood the testimony of yesterday, Mr. Frey, Mr. Briggs stated that the breakdown of the agreement between your union and his association centered principally on the question of apprenticeship and the use of the machines. Mr. Valentine, in his testimony, centered it principally on the unity price. What have you to say with reference to the causes which led to the breakdown of the agreement?

Mr. FREY. It may take a few moments to cover this ground, but I feel this is the only thing of value to that; that is, of vital value that can be brought out so far as these three associations are concerned. I would like to take a few moments to cover the ground. I will be as brief as possible.

Mr. THOMPSON. You may proceed, Mr. Frey.

Mr. FREY. You have heard the policy of our organization explained by President Valentine and by Mr. Hogan, secretary of the Stove Defenders' Association, as to our relations. I can only add that that was our policy toward the National Founders' Association. We had an earnest desire to secure a peaceful method of adjusting our disputes in the jobbing and machinery foundries. We welcomed the New York agreement—that is, the so-called New York agreement. We endeavored to work under that agreement.

The period from 1899 to the fall of 1903 was an exceptionally good one, so far as the foundry business was concerned. Our members were endeavoring to secure higher wages. It was the policy of the international union, however, to endeavor to equalize wages and bring up the low-paid districts, so that the competition between those and the foundry centers would be less keen. The commissioner of the National Founders' Association at that time, Mr. John A. Fenton, who was commissioner from the beginning until December, 1903, took up most of those wage scales with us. In many instances we agreed to much lower wage scales than we were confident we could secure if we simply broke off negotiations and struck, because trade conditions were favorable to us.

Our members protested vigorously during this period and accused the national officers of being lax in their duties, and not as energetic as they should be to assist them in getting higher wages. We believed, however, that it was to the advantage of our own organization, in the beginning of its relations with the National Founders' Association, to go easily along, hoping to accomplish a similar condition to that which existed in the stove industry; that is, a gradual equalizing of wages and the making of it possible to take up wage scales by districts in the future. So we did not take advantage of the good times to press our claims as vigorously as we otherwise would.

During this period—that is, from 1899 to 1903—membership in our organization grew rather rapidly, and the membership of the National Founders' Association grew rather rapidly. With the increased growth in the National Founders' Association, we imagined that we saw a growing hostility to the idea of recognizing our union to the extent of entering into agreements with it. We felt that a change of policy might possibly come about so far as the National Founders' Association was concerned, and so it did, with the advent of Mr. Briggs.

The policy of the association changed, and I presume Mr. Briggs carried out that policy as best he could. I might add that trade began to fall off in the fall of 1903, and that it looked as though business would not be as good for some

little time. We have thought, perhaps without any justification whatever, that the falling off in trade was an inducement to the National Founders' Association to endeavor to establish its policy at the time that it did.

We found that the National Founders' Association were suspicious of us; that they doubted our sincerity; and found it necessary to build up a machinery that I desire to refer to in a moment. The actual break, so to speak, in the New York agreement, came with what is known as the Utica strike. The foundrymen of that city, who claimed they acted under the advice of Commissioner Briggs, enforced a reduction of wages. They said if we objected to the reduction in wages we should call for a conference. We held that if the conditions were to be changed first and then the question taken up later, that method could not bring about satisfactory results. We held that the New York agreement had only been interpreted one way during the years that it had been in existence, and that was that when a question arose over which there was a dispute, the status quo would be maintained until the question was settled or we agreed to disagree.

The question came up later, and in the fall of that year a conference was held in Cincinnati that settled the question as to the interpretation. I might say that our opinion as to the interpretation to be placed upon the New York agreement arose not only from our experience but from the official statements of its first president, Mr. Letchworth, and I would like to quote from a letter that he wrote on April 4, 1900, as follows:

"As I understand the New York agreement, it is that in case of any difference between employees and their employers the men shall not strike nor the employers lock them out until there has been an arbitration; that either party, in case of dissatisfaction, has the right to ask for an arbitration, but that pending such arbitration there shall practically be no change in the existing condition in the foundry."

"Arbitration" here being used in the original sense in which we used that word.

Commissioner WEINSTOCK. Conciliation?

Mr. FREY. Yes. Mr. Briggs contended, however, that his association or his members were justified in enforcing this reduction in wages in Utica. On October 13, 1904, a conference was held in Cincinnati to decide what the interpretation of the New York agreement should be.

That conference was composed of Mr. Fox, or rather a Mr. Letchworth, of Buffalo, who was one of the parties to the signing of the original agreement; Mr. Charles L. Newcomb, of Holyoke, Mass.; and Mr. Briggs and myself.

The moulders were represented by Mr. Fox, who was then president of our organization, or had recently resigned and was still able to act somewhat, who had been a party to the original agreement, our first vice president, myself. That conference passed the following resolution:

"*Resolved*, That it is the sense of this joint committee that the following is the proper interpretation of the New York agreement:

"If any change, whether of wage rate, shop practice or conditions, or any other change affecting the relations or the interests of the members of the parties to the New York agreement, is proposed by one of the parties thereto, to which objection or protest is raised by the other party, it is understood and agreed that the status then existing; that is, the status immediately preceding the proposed change, shall not be disturbed by either party pending reference and decision, as provided in the New York agreement."

That is signed by Mr. Fox and Mr. Letchworth. It was not, however, the New York agreement, or our claim that the New York agreement was violated, which in my opinion led to our inability to continue our relations with the National Founders' Association. It was, instead, their antagonistic policy to the question of our maintaining an organization, with the system they built up to prevent our organization from maintaining itself. They organized a rather extensive machinery for dealing with us. They had, first of all, a system of espionage—we termed it their "spy system"—and through that they maintained traitors in each one of our local unions to inform them as to what was going on, but we sometimes suspected from the violent language of some of these men that they were also endeavoring to stir up trouble at the wrong time for ourselves.

They also built up a corps of professional strike breakers. Mr. Briggs termed them instructors the other day. I have the contract made with one of those "instructors," which I would like to read and have it made a part of the record. This was signed October 22, 1904, by Mr. Briggs and a certain foundryman, and it reads as follows:

FREY EXHIBIT No. 1.

NATIONAL FOUNDERS' ASSOCIATION—MOLDERS' CONTRACT.

CARL GRANBUND, *Cincinnati, Ohio.*

DEAR SIR: The National Founders' Association hereby agrees to employ you for the term of one year from this date at the trade of molding or coremaking. You are to work faithfully and for the best interests of the association in all particulars; you are to work in such shops as the association designates, and when transferred from one shop to another the association will pay the railroad fare and you will not lose the time consumed in travel. You are to be at all times ready to move from place to place as the association directs, and when working in a struck shop you are to be particularly careful to work for the interests of the shop where the strike is in force.

Either the president or commissioner of this association shall be the judge as to whether or not you have been or are faithful, conscientious, and living up to the terms of this agreement.

We will pay you nine hundred and sixty dollars (\$960) per year in equal monthly installments of eighty dollars (\$80).

At the close of the year, if in the opinion of either the president or commissioner of this association you have performed faithful and conscientious work as herein stated, we will then pay you the further sum of ninety dollars (\$90) as a bonus for the year's faithful work.

It is understood that to receive the full amount of ten hundred and fifty dollars (\$1,050), you are to work full time for every working day of the year and that time lost by sickness or otherwise will be deducted.

Sickness alone will be the only excuse for your failure to carry out the terms of this agreement.

NATIONAL FOUNDERS' ASSOCIATION,
O. P. BRIGGS, *Commissioner.*

Dated October 22, 1904.

I fully understand the conditions of the above offer and hereby accept same and agree to work for the National Founders' Association and in its interests to the very best of my ability, and if at any time I fail to carry out my part of the agreement, as decided by the president or commissioner, who shall be the sole judge as to whether or not I have been or am faithful and conscientious in living up to the terms of this agreement, I hereby agree to the cancellation of this contract and waive all claims for wages or salary after the cancellation and also any claim to the whole or any part of the bonus to be paid at the end of the year.

CARL GRANBUND.

In the presence of—
P. T. GOULD.

It is signed with a little statement below, you will see, that the man has read it and understands what it means.

We felt that the building up of this system of local informers and the gathering together of a continually growing army of professional strikebreakers under contract by the association was an evidence, at least, that if they still maintained friendly relations toward us, it was to be prepared for war, and our impressions were rather strengthened when we read the reports of the officers of the association relative to these two features. For instance, with reference to the professional strike breakers, in the report for 1905 the following statement is made:

"The contract with molders by the year for the purpose of having on hand at all times men in our employ was undertaken about 18 months since. At the outset it was an experiment, as you all know. I can assure you that the experiment has been very successful. We have encountered such difficulties at the beginning as are usual to all new methods, but to-day we have a force of men the equal of any body of molders you can select. We have treated these men right, for which they are duly appreciative. The contract we enter into is becoming more popular every day and the applications for it are so numerous that we have now a large waiting list on hand."

About this time the association was also endeavoring to build up an organization of foremen, with the object of using this foremen's organization as an anti-union machine, and in the same report to the convention of the National Founders' Association this statement is made. I believe this is President Briggs's

report. If it is not, it is the report of their secretary. It is the official proceedings, anyway. I read from page 12, as follows:

"I have had brought before me most emphatically in our work of the past year the unquestioned value of associations composed of foundry foremen. In nearly every strike where the association has been called upon to assist its members the foreman has played a most essential and important part. I believe you will, therefore, recognize at a glance the importance of the proper training of this branch of our industry. The experience of your officers and field force has clearly demonstrated that the foremen of our shops are in a large measure responsible for the success of the shop, as in reference to its productive capacity, and, secondly, its peaceful and harmonious conduct. The associating together of the foundry foremen of any city will result in securing these essentials.

"My recommendation to this convention is that the incoming administrative council be instructed to use every possible effort to establish in each city where the association has any membership, strong foremen's clubs or associations, organized upon the plan of that which is now accomplishing so much in the interest of the foundrymen of Erie, Pa."

I am bringing this matter out to show the reason why it was impossible for us to get along peacefully. This association of foundry foremen was a matter of reference at various meetings of the National Founders' Association, and the claim is, I believe, sworn statements were made in the official publications of the Foundrymen's Review in reference to this. On page 181 there is a quotation from the report of Mr. Pessano, the president of the National Founders' Association, which reads as follows:

"I have had brought before me most emphatically in our work of the past year the unquestioned value of associations composed of foundry foremen. In nearly every strike where the association has been called upon to assist its members the foreman has played a most essential and important part."

Mr. THOMPSON. What is the date of that report?

Mr. FREY. This report is at page 181 of the Iron Moulders' Journal. That is, I reproduced it, and I am using this because I did not bring all the Reviews with me. There is no question as to its accuracy.

Mr. THOMPSON. What is the date of it, is what I asked?

Mr. FREY. I am reading from page 181 of the issue of 1902. I continue reading, as follows:

"I believe you will therefore recognize at a glance the importance of the proper training of this branch of our industry. The experience of your officers and field force has clearly demonstrated that the foremen of our shops are in a large measure responsible for the success of the shop, as in reference to its productive capacity and, secondly, its peaceful and harmonious conduct. The associating together of the foundry foremen of any city will result in securing these essentials."

The article then goes on to recommend that this should be done, and Mr. Durban, who was a very active member of the association, follows with this address, and I do not care to read it all, but the commission can have it if they want to use it. I should just like to quote a few sentences from the address, as it will indicate to you that this foundry foremen's organization was in use. I am reading it just to bring out this point. I read as follows:

"The proprietors did not attend the meetings, and had nothing to do with them, and did not even request their men to attend the meetings, but they met about twice a week at first and took up the matters of the troubles in the shops. Each man"—

That is, each foreman—

"reported a particularly offensive union man, those fellows that seemed to be coaching the thing and seemed to be keeping up the excitement and seemed to be the head centers, and the result was those men were let go, they were dismissed from time to time. And the foundry foremen had conceived the idea that they would not hire a man in any of the foundries unless he had a recommendation."

So that in foundry terminology when the foundry foremen's association tied the can to a union molder he did not have another chance to get another job in that territory.

I read further, as follows:

"Of course there was a great deal of a cry about that, as being a black list, and I suppose it was something of that nature."

Commissioner WEINEROCK. Do you say that?

Mr. FREY. No; I am quoting. I read further:

"Of course there was a great deal of a cry about that, as being a black list, and I suppose it was something of that nature, but at the same time, if a man is going to employ any one in his office, he wants some sort of recommendation. And when it became known that a man was particularly offensive and making trouble in the shops, it sort of tamed him."

Now, going down a few paragraphs further, I read again:

"Of course we are very strongly in favor of these organizations of foremen as an assistance to the National Founders' Association, and I believe that the organization of the foundry foremen in Erie has saved the National Founders' Association ten or fifteen thousand dollars."

Then further references are made, and I read further as follows:

"For instance, on days' work, if a man was putting in a fair day's work, some of those members would go over and say: 'You are doing so much, don't do so much.' If a fellow was caught at that by his foreman he was promptly dismissed."

"The result has been gratifying in another way. Erie has sent out a great many men to other struck shops."

In other words, the foundry foremen's association was used to disrupt our shops, wherever men were sent out to use these tactics, and they were also used as strike breakers whenever shipments of strike breakers were desired in other localities.

Now, the principle of the New York agreement was that whenever a dispute arose that could not be taken up locally and that could not be settled locally, it would be taken up by the representatives of the two associations; but about the time that Mr. Briggs became commissioner the policy was changed. First of all the National Founders' Association, without consultation or conference with the International Molders' Union, adopted an interpretation of this New York agreement and gave it to their members. In other words, they took the responsibility of altering the meaning of that agreement to some extent without consultation with us. Then it was determined that their members should not sign any more agreements with the International Molders' Union unless those agreements were of the form which the National Founders' Association desired. In other words, they endeavored to force upon us the so-called outline of policy. They instructed their members not to sign any more agreements with us unless we would sign the peculiar and particular form of agreement that they had adopted, and in an article in their official publication, the Review, dated June, 1904, the following statement is made, and it indicates what, to our mind, is the arbitrary and unyielding attitude of the National Founders' Association.

Mr. THOMPSON. What was that date, June, 1904?

Mr. FREY. June, 1904. This reads as follows:

"The membership of the National Founders' Association has proven itself 'true blue' thus far in its treatment of agreements with molders."

"Prior to the holding of the national conference in April members of the association whose agreements with the molders were about to expire or had expired, were requested to await action of this conference before executing new contracts."

"In adhering to this plan our members have exhibited a loyalty which can not be too highly commended."

"After the adjournment of this national conference and the failure to secure a uniform agreement the decision was reached by the officers of the association to adopt as a definite policy the equitable principles which should obtain in the foundry of every member of the association and in furtherance of this plan all members are now giving or have given notice of an unwillingness to continue the local agreements of last year. In no case, as far as we are aware, has one of these agreements been renewed."

Mr. THOMPSON. What was that national agreement you have referred to there?

Mr. FREY. What the National Founders' Association endeavored to have us have for a form of agreement was not the result of any conference we had with them, but I presume their executive council met with our executive board and drew up the form of agreement that they wanted, and after this had been drafted, probably after consulting with their attorneys, they advised their members not to renew any of the existing agreements that they had then, but to tell us "Either you sign this form of agreement which we have drawn up, or there will be no more agreements."

Mr. THOMPSON. I would like to look at that paper.

Mr. FREY. I had not got through with it—some of it,

Mr. THOMPSON. I will pass it back [after examining paper]. Thank you.

Mr. FREY. I am reading rather extensively, perhaps, but it brings me to the nub of the reasons why friendly relations were severed, not on our part, but they refused to deal with us any further; they wanted no more agreements with us that did not give them all they wanted. I am quoting now.

"And here lies the key to the whole situation. The system of local agreements with molders is really of comparatively recent origin.

"Before the year 1899, in which the New York agreement was made, local agreements were almost unknown. In that year a few were signed. As the boom of prosperity gathered velocity and weight the union seized the opportunity to compel additional recognition. Many foundrymen actually vied with each other to be first in granting this recognition, and the system of local agreements became 'crowned with the cross of gold.'

"Once established, but little remained to be done by the national officers of the molders' union to afford added zest to local proteges in efforts to hold the vantage point. With each revolution, like a snowball, the movement gathered in volume.

"The National Founders' Association, then only in a formative state, was called upon to meet the accrued benefits of a labor organization already in the thirty-first year of its existence.

"The members of this union were mostly possessed of the spirit of Anglo-Saxon enterprise, and for over a quarter of a century had not been met by any obstruction in their path of perfecting their complete and unsurpassed organization."

We thank you for the compliment.

"Little wonder is it that when the National Founders' Association appeared on the scene, with officers and members in a new rôle, and commercial affairs in a plethoric state, it was hardly possible to promptly check the course of this practice.

"There were many foundrymen at that time who possessed a firm belief in the efficacy of local governments. Others were forced to sign them. All are now the wiser for the experience and united in opinion. Simultaneously all seem to have reached the conclusion that the present is the opportune time to curb the onslaught."

That was our desire, to secure more agreements.

"No one is entering into these contracts now, but for the future the way must be cleared.

"During the present period of temporary depression let us not neglect the opportunity to study the possibilities of a revival of business and increased requirements of our customers.

"In times of peace prepare for war."

"Let this sound the warning to members of the National Founders' Association not to sleep on their rights, but to stand firmly at the helm that the officers of their association may have the fullest measure of support in their determination not to permit the rejuvenation of this system of local agreements once it is removed from the catalogue of things extant."

I wanted to bring out the fact that the reason we are not enjoying friendly relations with the National Founders' Association since 1904 is not because of our unwillingness to meet them in conference and adjust questions as we formerly did, but because of their unwillingness to have any official or friendly relations with us. I want to bring that point out, because the impression has been created from much of their official literature during recent years that it was the molders who were to blame for the severing of these friendly relations.

As a matter of fact, they were continually advising their members not to have any relations with us, and under no circumstances to settle with us during a strike or even to discuss any proposition with us toward settling a strike, and in connection with that I would like to read a circular issued by the National Founders' Association.

Commissioner WEINSTOCK. What is the date?

Mr. FREY. August 2, 1906. I will turn it in as an exhibit.

"WARNING.

"NATIONAL FOUNDERS' ASSOCIATION,
"Detroit, Mich., August 2, 1906.

"To the foundrymen of the United States and Canada.

"GENTLEMEN: We have just been made acquainted with several attempts of officials of the molders' union to secure the consent of the proprietors of

foundries which have lately been struck, and where the union is paying strike benefits, to permit the striking molders and coremakers to return to work under almost any conditions, the only proviso being that negotiations of this character should be entered into with one of these officials.

"We desire to warn the proprietors of these struck foundries, if they ever expect to conduct their plants free from union domination, it will be much more to their interest if they dismiss from their minds once for all any thought of doing business with these walking delegates of the molders' union.

"It is to be presumed that every foundry proprietor now engaged in combating a strike has measured the cost in a manner befitting the successful conduct of any enterprise, and once the old employees have struck the plant it is absolutely useless to think of negotiating with them through the medium of their representatives.

"Each time interviews of this nature are granted the struggle is prolonged and thousands of dollars added to the cost, not only for the proprietor granting the interview but for his fellow foundrymen as well, for an interview granted in Nova Scotia may be used by these union emissaries with no inconsiderable effect to brace up a lost cause on the Pacific coast or Gulf of Mexico.

"UNION MUST CUT EXPENSES.

"The efforts now being made by the molders' union to get its men back to work are dictated by the condition of its treasury and the manifest necessity of reducing expenses. Each striker who is given employment in this way reduces the expenses to the union by \$7 per week."

Evidently they desired to keep us out on strike so as to use up all of our money.

"Furthermore, so long as these negotiations are conducted through the channel of the walking delegate and the strikers permitted to return to work as union men the foundrymen may expect to see their plants unionized again within a very short space of time, and the expense of the present strike, so far as the proprietor is concerned, will be entirely wasted.

"There seems to be in some sections an inherent desire on the part of foundrymen to meet and 'discuss the situation' with these union agitators, one foundryman even going so far as to remark, 'So-and-so sent for me and I went down to the hotel.' A more silly and abject compliance with the dictates of a labor agitator can hardly be imagined, yet this foundryman at one time expected to conduct an 'open shop.' Unfortunately for him, his trip 'down to the hotel' resulted in the union gaining control of his plant, machines, apprentices, limitation of output, and everything else.

"Very truly, yours,

"F. W. HUTCHINGS, *Secretary.*"

So that the National Founders' Association, as far as we were able to discover, do not believe in agreements with the molders' union; did not believe in conferences to adjust our disputes locally, but it believes in establishing a spy system and a corps of professional strike breakers and the use of private detectives employed through some of the notorious agencies to make our union lose, first of all, by adopting the so-called Erie plan of running every active union man out of business and by having informers in the local union, and even in our office, so that they would keep informed of everything that was going on. So far as we could see—we may be mistaken in this, but so far as our observations went, so far as we could gather from the official statements of the officials of the National Founders' Association—it was not the agreement that they desired or were then organized to secure, but rather the extermination of the National Molders' Union. That is one of the reasons why I believed we failed to make the New York agreement a measure for the peaceful adjustment of differences that arose in the jobbing and machinery foundries.

Mr. THOMPSON. To what do you ascribe that attitude of the National Founders' Association?

Mr. FREY. The spirit that had developed among some of the employers was almost like a contagion—like the I. W. W.—and caused like contagion among some workmen, but the idea seemed to gain ground to have nothing to do with unions. "If you give them recognition they will grow stronger, and they will run your business, and you will not have your own way," and as my friend, Briggs, stated, "Cut the union off behind the ears."

To show their policy, I would like to read just one more circular into the record. This is signed by Mr. Briggs. This is as showing their attitude as opposed to conferences or agreements.

Mr. BRIGGS. Will you kindly read the date?

Mr. FREY. It is impossible for me to read the date. I published it in the November issue of our 1905 journal, and I think you issued this in October. You will recall I had some editorial controversy over the philosophy of the circular. It is headed "Still drifting" and is as follows:

"I wish to call your attention to the tactics at present being pursued by the molders' union in its treatment of certain districts:

"At a meeting of the officials of that organization lately certain requests from various local unions for support were presented, these to become effective in case the molders found it necessary to strike to compel compliance with their terms. These requests, more commonly designated as 'grievances,' were sorted out and the decision reached to pay more particular attention to what these officials called 'low-rate districts' when granting strike support."

Showing that we were continuing our policy after they had broken off negotiations with us, continuing in our effort to raise wages in the lower districts, rather than pay attention to where they were higher; in other words, to hold the higher rate man down in our effort to bring the lower rate man up.

"The intention in this is to pursue a well-outlined plan of campaign in the way of forcing those manufacturers who now have reasonable conditions in their plants, so far as union rules are concerned, to recognize and establish in their foundries the same union regulations regarding apprentices, machines, output, rates of pay, hours, etc., as obtain in strong union shops.

"If they get this pile of wood split and all shops upon their uniform basis, and the 9-hour day where the 10-hour is now the rule, these officials have in mind the 8-hour goal and uniform minimum wages.

"I know you will say this is quite a job, and I think so, too, but that don't make any difference to that outfit, for the simple reason that they must be kept busy.

"My purpose in writing is merely to put you and your neighbor on your guard, that you may be considering how to deal with this thing when it comes up. In my judgment, the best plan to adopt is to keep your capable and fair-minded men well paid and satisfied, but don't increase any minimum wage rate. Many of these requests have already been refused, and the only way to prevent successful outcome of the plan of this union is to chop it off behind the ears before it gets time to grow."

Commissioner WEINSTOCK. Who wrote that?

Mr. FREY. Mr. Briggs. Now, I do not care to read any more documents to prove the attitude of the National Founders' Association unless you care to hear them, but I could give you a trunk full similar in character, tone, and purpose.

Mr. THOMPSON. You have no further explanation of the reason that the National Founders' Association took that attitude than you have already stated?

Mr. FREY. No. I believe it was the disinclination of a majority of the members of that association toward collective bargaining with the members of the union.

Mr. THOMPSON. How do you account for the attitude of the majority of the membership of that association as compared with the attitude of the stove makers' association?

Mr. FREY. Well, the only way I can account for it is this, that the members of the Stove Founders' Defense Association had had relations with us ever since the industry began. First of all it was Kilkenny cat relations for a period of 25 or 30 years, but it was none the less relations. After this Kilkenny cat period we then entered into a conference agreement, and then, instead of fighting each other the old way, we fought each other with facts and arguments. There have been no organizations of this kind among the jobbing and machinery foundrymen.

Mr. THOMPSON. In that case it was a case of callow youth and inexperience?

Mr. FREY. Yes; callow youth. The best proof of its being callow youth, so far as its policy is concerned, is in the fact that a large number of their members to-day have agreements with our union that are operating union foundries, and we have no trouble whatever with them. We meet them as cordially as we meet the members of the Stove Founders' National Defense Association; in fact, a number of them withdrew from the National Founders' Association so that with good grace they could renew former relations with our organization.

Mr. THOMPSON. What percentage of the workers employed in the foundries of the National Founders' Association are members of your organization, if you know and if you care to say?

Mr. FREY. I do not know who are the members of the National Founders' Association. We have had no official dealings with them for a number of years. We are daily interested in past history, so far as they are concerned.

Mr. THOMPSON. When did the first evidence come to you of the employment of spies in your ranks by the National Founders' Association?

Mr. FREY. From 1900 we knew there were a few in connection with a local strike, but the systematizing of the matter we knew nothing of until Mr. Briggs assumed the helm.

Mr. THOMPSON. When was that?

Mr. FREY. In the latter part of December, 1903, or the first part of January, 1904.

Mr. VALENTINE. 1903.

Mr. FREY. December, 1903, was it not?

Mr. VALENTINE. Yes.

Mr. THOMPSON. At that time did the members of the National Founders' Association have trouble with your union in various localities?

Mr. FREY. Yes; there had been strikes. Where a conference failed to secure an adjustment of the matter, a strike would result; but we had had very few strikes comparatively during the period from 1899 to December, 1903, compared to what followed when the new policy of the association was established. Then it was warfare, because they discharged our members and we retaliated, and we went back to the Kilkenny cat situation.

Commissioner WEINSTOCK. It was war to the knife?

Mr. FREY. It was, and that is the reason we are still alive.

Mr. THOMPSON. Was there a strained relation between the association and your union, although your contract was still in existence?

Mr. FREY. Yes. We recognized the different atmosphere immediately after the first of January, 1904.

Mr. THOMPSON. Then, as a matter of fact, while the contract was still in existence at that time, a state bordering on war existed between the two organizations?

Mr. FREY. Yes; because the members of the foundrymen's association refused to enter into any more agreements with us, and the conferences that we held failed in reaching any agreement. The members carried out the instructions as indicated in the report I just read.

Mr. THOMPSON. If that is so, what objection, if any, does your union have to the engagement of the contract men or molders, about which you have read, that were employed by the National Founders' Association?

Mr. FREY. I presume about the same objection as an American revolutionist had about the Hessians coming over here. I do not think there is much difference. It is about the same thing—and about as much respect for them, too.

Mr. THOMPSON. In regard to the question of spies, what evidence, if any, and if you care to state it, have you obtained?

Mr. FREY. Some of the men who were employed in that capacity, while not having the grace to go and hang themselves after taking the 30 pieces of silver, did have the grace to come and tell us all about it, and also give to us a list of names of some of the others, and we tried now and then to weed out some of those men that we were sure were spies.

Mr. THOMPSON. In your opinion, Mr. Frey, does the existence of the union help the worker, and does the use of a collective agreement by the union help him also?

Mr. FREY. May I introduce a further statement here?

Mr. THOMPSON. Yes.

Mr. FREY. A statement was made by Mr. Briggs yesterday as to the reason of our quarrels, that it was not a matter of wages, but our desire to secure other conditions. Those statements were made, and as a result President Valentine submitted a statement as to the issue in 1900 to the editor of the Iron Trade Review, and it was published. I do not need to give the details, but it gives what we consider to be the issue. May I have this incorporated in the record?

Mr. THOMPSON. Yes.

(The statement submitted and referred to by Mr. Frey is as follows:)

THE ISSUE—AS STATED BY PRESIDENT JOSEPH F. VALENTINE.

[A review of the present relations of the Iron Molders' Union of North America and the National Founders' Association. Written at the request of the Iron Trade Review.]

EDITOR IRON TRADE REVIEW:

In response to the very kind invitation contained in your letter of the 9th instant, I herewith give, as briefly as I can, a statement of the present differ-

ences between the Iron Molders' Union of North America and the National Founders' Association, and the causes which, in my opinion, led up to them.

Those who have been readers of the Iron Trade Review have been made familiar with what was known as the New York agreement. It was nothing more than a broad recital of the fact that the members of the National Founders' Association, on the one hand, and the iron molders' union, on the other, subscribed to the policy of conciliatory methods when disputes arose between them, and provided such machinery as the contracting parties deemed best suited to give this policy effect.

Let it be known, in passing, that the iron molders' union for the past 15 years has consistently advocated the conciliatory policy. It has succeeded in educating its members to recognize the good to be derived from sitting down with their employers in friendly council, to discuss all subjects of mutual interest and to thrash out and effect a settlement of all matters which threaten serious differences. It has recognized the fact that, amid the startling industrial changes of the past quarter of a century, new problems have arisen that can not all be solved by the rules which previously did good service. Problems they are which must be fearlessly and yet fairly discussed with their employers. It believed, too, that just as these problems are difficult of satisfactory solution by the molders, it is equally difficult for the foundrymen, with due regard for the interests of the molder, to suggest the answer. But, amid all this confusion of thought, amid all the conflict of selfish interests on both sides, it has held firmly to its faith in the ultimate triumph of heart-to-heart discussion by the interested parties. And it has held firmly to the belief, too, that until final solution is reached, conflicting interests should patiently strive, by prescribing for each specific case of difference as it arose, to avoid conflict which can but postpone solution and destroy the harmony and good will which would promote it.

THE NEW YORK AGREEMENT.

From March, 1890, to November, 1904, the members of the National Founders' Association and the iron molders' union met together frequently under the terms of the New York agreement to discuss their differences. This agreement was not a perfect instrument by any means, nor as comprehensive as either side might desire. And yet, when we review the history of that period we can not but marvel at the wonderful influence it exerted in promoting peace in the foundry industry. It is not that there was no conflict between members of the subscribing associations, for there was. But, considering the period of extraordinary expansion in the iron trade which it covered, they were remarkably few.

What happened in November, 1904? The New York agreement was abrogated, not by a conference representing the original subscribers to its provisions, but by one of them—the National Founders' Association.

Why was it abrogated? Because the iron molders' union was unwilling to incorporate provisions which its members were not convinced were a proper solution of some of the difficult problems which had arisen in the foundry.

But we have not space to discuss this abrogation in detail; suffice it to say that during 1905 and 1906 it left that branch of the foundry industry represented by the N. F. A. just as it was before March, 1890, without any means at its disposal to calmly discuss the differences of its essential interests. Nor was it in as good a position as it was in the earlier period, for peace was further jeopardized by the advice given to the members of the iron molders' union, which did not include in their provisions all of the clauses of the "outline of policy" of their association. Among these was a clause which enunciated what is now popularly known as the "open-shop" policy. Mark you, the N. F. A. insisted that all agreements should embody an "open-shop" clause. It does not appear, and it is not true, that the iron molders' union insisted that a "closed-shop" clause should be embodied or that no agreement would be entered into.

CHIEF CAUSES OF STRIFE.

The iron molders' union believes, and statistics amply justify the belief, that wages and hours of labor are by great odds the chief causes of industrial strife; and, consistently with this belief, has ever been willing to enter into agreements with foundry men covering and settling these points for a specific period, and covering such other points as can be mutually agreed upon by those directly

interested. Such agreements, I firmly believe, have eliminated and will still eliminate the greater percentage of strikes in our trade.

This belief is not shared by the present administration of the National Founders' Association. No better proof of this statement can be given than a review of the causes which have led up to the strikes now in progress. I do not know of a single instance among those in which the "closed shop" has been made an issue by the union. I will go further and say that in the great majority of instances where demands have been made and conferences have been granted by the foundry men, satisfactory settlements have been reached and agreements signed. The members of the iron molders' union have not signed agreements with an "open-shop" clause; nor have the members of the N. F. A. signed agreements with the "closed-shop" provision. Why should that question be raised when it is not an issue? And yet, even when the question of an increase of wages has arisen during the present year in a low-priced foundry community, of whose competition foundry men in higher-priced localities bitterly complain, the "open-shop" catch cry has been made to do service.

Before proceeding to a more specific reference to our present strikes, permit me to say that we are not so egotistical as to say that all the mistakes in these unfortunate controversies have been made by the members of the National Founders' Association. We are all prone to err, and sometimes when fears and passions have been needlessly aroused, or when opportunity has not been afforded for the play of the judicial mind, strife has been precipitated, which, under more favorable conditions, might have been avoided.

PHILADELPHIA STRIKE.

Perhaps none of our present strikes has been so well advertised as that now going on in Philadelphia. Let us trace its cause. In October, 1905, the core makers of that city sent the following communication to the foundry men:

"GENTLEMEN: Owing to the advance in the cost of the necessities of life, and the outlook for better trade in general, we respectfully petition you for an advance of 25 cents a day to all the journeymen core makers in your employ, making the rate to core makers \$2.75 a day and upward. We respectfully request an answer."

No definite reply having been received from this notice, a committee from the union waited upon each firm, and in each instance was informed that the foundry men would not discuss the matter with them. The next step was to have the core makers' committee in each shop interview their employer relative to the desired advance. Again the core makers were informed that the foundry men could not discuss the merits of the proposition with them, as the matter had been placed in the hands of their association and would have to be taken up with its officers.

After having received this information, efforts were made by both the local and national officers to secure a conference at which the sole question to be discussed would be that of wages. Personal interviews to this end were held with both the officers of the Philadelphia Foundrymen's Association and the National Founders' Association, and in both instances the officers of these organizations refused to grant a conference or discuss the merits of the question.

The result was inevitable, for can any fair-minded man say that the core makers of Philadelphia were making extravagant demands when they asked that their wages be advanced from \$2.50 to \$2.75 per day? I make the statement, and make it advisedly, that fair and courteous treatment of this reasonable demand would have prevented the serious and unprofitable conflict that has followed.

STRIKES AND CAUSES.

Let me enumerate a few of the strikes involving the members of the N. F. A., and their causes:

- Chicago, an increase in the wage rate.
- Boston, an increase in the wage rate.
- St. Paul and Minneapolis, an increase in the wage rate.
- Buffalo, an increase in the wage rate.
- Anthracite district of Pennsylvania, nine-hour day.
- Milwaukee, nine-hour day and increase in the wage rate.
- Missouri Valley, a minimum rate and a nine-hour day.
- Toledo, an increase in the wage rate and a nine-hour day.

That is a list of the chief centers where strikes of greater or lesser magnitude exist. Let me supplement it with a list of some of the localities where similar demands having been made, a conference between the foundry men and the molders' representatives effected a peaceful settlement:

Cincinnati, granted the nine-hour day.

Cleveland, granted the nine-hour day.

Indianapolis, granted an increase in wages.

Central New York, granted in some instances an advance, in others a nine-hour day, or both.

New York district (comprising New York City, Brooklyn, Jersey City, Newark, and Plainfield), granted an increase in wages.

This list includes the most important centers to note that it was not in insignificant centers, nor where inconsiderable numbers of men were involved, that conferences established peace. It is true conferences were not so successful in Buffalo, but the issues were confused there. Issues were injected which should not have been, and which, I firmly believe, were thrust to the front for the representative of National Founders' Association for the purpose of precipitating a conflict.

In enumerating the causes of strikes I have recited what the molders regard as the salient feature of their demands.

Each locality had questions of its own to consider and to embody in its agreement. In some instances they touched upon vital issues, such, for example, as piecework, apprentices, and so on. These same questions had been up in previous years, and by the exercise of a little common sense by both parties were successfully overcome. The same could have been accomplished in 1906 had it not been that the policy of the iron molders' union of treating local disorders or conditions with local specifics was repudiated by the members of the N. F. A., and an effort was made to force upon us the provisions contained in the "Outline of policy," "open shop" included.

THE PRESENT CONFLICT.

To sum up, I believe that the present conflict is due primarily to the abrogation of the New York agreement, and the subsequent policy of the administration of the N. F. A. to force down the throats of the members of the iron molders' union their "Outline of policy." They are guilty of deliberate misrepresentation and falsehood who proclaim that the issue of the present struggle is the "open shop." That issue is one of the administration of the N. F. A. It is a cry to conjure with in the present era. It has been made to do service in the most unholy of causes and has come to be looked upon by the members of the iron molders' union as a "shibboleth" designed to hide the real purpose—the destruction of their organization. Wages and hours of labor have constituted the chief features of all the molders' demands this year. They have asked for agreements covering these points for a stated period, believing that thereby the material interests of foundry men and molder can be best subserved. And, finally, the persistency with which the officers of the N. F. A. have forced the "open-shop" question to the front, and the campaign of antagonism, abuse, misrepresentation, and slander they have inaugurated have convinced the officers and members of the iron molders' union that their true and ulterior purpose is the disrupting of their organization.

We stand ready to-day, as ever, to meet organized individual foundrymen in fair and friendly conference; we are ready to lend our assistance in the promotion and maintenance of peace in the foundry industry; but we would be regarded as poor types of men, indeed, were we to submit without a struggle to the issue now forced upon us.

JOS. F. VALENTINE,
President I. M. U. of N. A.

Mr. FREY. Answering your question, Mr. Thompson, I believe collective bargaining is greatly to the workman's advantage and that he is helpless without it. Mr. THOMPSON. If the commission please, that is all I wish to ask.

Commissioner HARRIMAN (presiding). Mr. Lennon, have you any questions? Commissioner LENNON. No.

Commissioner HARRIMAN. Mr. Delano, have you any questions?

Commissioner DELANO. Mr. Frey, we asked Mr. Briggs to put in evidence a copy of the constitution and by-laws of the foundrymen's association. I think it would be of interest to the commission to have a copy of the iron molders' constitution and by-laws, if we may.

Mr. FREY. We will give you a copy; we will send it to you later.

Mr. DELANO. Mr. Frey, you have objected—and not unnaturally, I think—to the employment of spies by the foundrymen's association. Do you keep your union free from criticism in doing similar things? What I have in mind is that I do not exactly see how you came to be in possession of these private documents?

Mr. FREY. These private documents, Mr. Delano, were given to us by members of the National Founders' Association who were not in harmony with the policy of their organization and desired that we should know just what was going on and who were friendly with us, but forced to retain their membership for business reasons, for commercial reasons.

Commissioner DELANO. Then they were traitors, and you dealt with them. They were traitors to their organization just the same.

Mr. FREY. Some people might consider it that way.

Commissioner DELANO. You would consider one of your men who went back on your organization a traitor, would you not?

Mr. FREY. One moment. I am afraid a wrong impression is going to gather here. The National Founders' Association reproduced many of these documents from which I have quoted in the Review, and to convert our members—

Commissioner DELANO (interposing). Is that generally published or privately published?

Mr. FREY. It is not only generally published, but an effort was made to see that every member of the molders' union got a copy. They thought they would convert our members to their idea, and I have been reading largely from the Review. Whenever I read from our journal it is copied from the Review. They furnished this information to us. They thought it would convert our members, and did it as missionary work, as propaganda.

Commissioner WEINSTOCK. When you say "your members" you mean members of the molders' union?

Mr. FREY. Yes.

Commissioner WEINSTOCK. Not members of the Stove Founders' Association?

Mr. FREY. No; the members of our union. They had a mailing list. I am editor of the Molders' Journal, and their mailing list was almost as extensive as mine. They still send them to some of the molders. Any molder can get it on request.

Commissioner DELANO. As I understand you, and also Mr. Valentine, one reason for the difficulty was that the foundry men's association had certain fixed conditions, from which they would not yield and which they would not arbitrate. Is that true?

Mr. FREY. Yes.

Commissioner DELANO. Is that true of your organization, that you had certain fixed conditions which you would not arbitrate?

Mr. FREY. I do not know. I have never known of an instance where we declined to take up any question. We do not arbitrate. In the conferences we have taken up every question that has ever been advanced by the foundrymen, and I presume we would, regardless of what it was, and discuss it on its merits. In fact, our position is that every question must be discussed on its merits and settled on its merits, if it is going to be settled permanently, and we believe it is because of that policy of taking up every question and settling it on its merits that our relations with the Stove Defenders' Association are friendly, and, what is important, have maintained peace for 22 years.

Commissioner DELANO. Is it not a fixed policy of your organization not to authorize the spread of piecework in nonpiecework shops?

* Mr. FREY. Yes.

Commissioner DELANO. You would not arbitrate a question like that when that was a matter of policy, would you?

Mr. FREY. We have taken up this question time and again with members of the National Founders' Association, and to-day have agreements with their members not only providing for piecework but piecework on molding machines. It depends on the condition in the foundry, the kind of work being made, whether we feel like agreeing to piecework or feel that it is unfair.

Commissioner DELANO. Suppose a manufacturer insisted on the principle that he should be allowed to retain in his service men who declined to join the union, you would not permit him to do that, would you? Would not that be contrary to your principles?

Mr. FREY. It might be contrary to our principles, but I know of many instances where that condition has prevailed—and prevails, I know, in some in-

stances now. Our position on that would be different if the firm tried to introduce nonunion molders and we thought it was with the object of destroying our organization.

Commissioner DELANO. I think that is all, Madam Chairman.

Commissioner HARRIMAN. Mr. O'Connell, do you desire to ask anything?

Commissioner O'CONNELL. I have no questions.

Commissioner HARRIMAN. Mr. Ballard, do you desire to ask anything?

Commissioner BALLARD. I gather there are between 5,000 and 6,000 founders in the United States.

Mr. FREY. I think the last report showed about in the neighborhood of 10,000 founders in the United States and Canada.

Commissioner BALLARD. Can you tell me how many men work in those foundries?

Mr. FREY. No; there has never been a census. We have tried hard to get that, but it is impossible to secure that information.

Commissioner BALLARD. What proportion of those 10,000 founders are known as union founders and what as nonunion?

Mr. FREY. I could not give you that information. If I could give you that, it would not indicate much, because one dozen founders might not have as many men as another single founder.

Commissioner BALLARD. Is there a large percentage of the union men in the founders' association?

Mr. FREY. Yes.

Commissioner BALLARD. And the founders themselves are largely union men?

Mr. FREY. Yes.

Commissioner BALLARD. Is the minimum wage in all the foundries practically the same?

Mr. FREY. In a city or district it is. For instance, the minimum wage rate in Chicago is the same for all the foundries in Chicago. It so happens we have been able to establish what we originally tried to do in the Connecticut Valley district, up and down the river there. The minimum wage rate is the same in the different cities there.

Commissioner BALLARD. The agreement of 1890, known as the New York agreement, was, you told me, abrogated in about 1904?

Mr. FREY. The foundry men notified us in November of that year they had abrogated it.

Commissioner BALLARD. And then they wanted you to adopt a form of agreement drawn up by them, and you would not consent to that?

Mr. FREY. They wanted us to adopt the form in the spring of that year.

Commissioner BALLARD. That is an agreement that was written in 1890, that has been in force for three or four years?

Mr. FREY. Yes.

Commissioner BALLARD. Who got up that form of agreement?

Mr. FREY. That agreement was entered into between representatives of both associations.

Commissioner BALLARD. But who drew it up? Was it a joint agreement?

Mr. FREY. It was a joint agreement.

Commissioner BALLARD. Was it jointly drawn up?

Mr. FREY. It was jointly entered into. It was drafted as the result of conferences of men who were national officers of their respective associations.

Commissioner BALLARD. If the conditions in union foundries seem to be so much better than before, or in nonunion foundries, why do these foundries seem to be so unwilling to have their shops unionized? What reason do they give to you for so bitterly opposing it?

Mr. FREY. I presume it is dislike of the idea of having to deal with a trade union, and the impression that if they do so they will not be able to operate their plants just as they have a mind to. In other words, it is the desire to enjoy the benefits of their association, an organization for themselves, and not allow their workmen to have the same opportunity and the same advantage.

Commissioner BALLARD. I think most of these organizations of the manufacturers came after the workmen organized. I never heard of an employers' association or manufacturers' association until after the workmen organized.

Mr. FREY. There were foundrymen's organizations before the national molders' union organized.

Commissioner BALLARD. Not for the purpose of fixing hours of labor or wages?

Mr. FREY. For the purpose of dealing with labor questions.

Commissioner BALLARD. I did not know that.

Mr. FREY. Yes. In fact, there was a strike when our national union was organized in 1859, forced by an organization of employers who were trying to put our union out of existence at that early date.

Commissioner BALLARD. That is all, Madam Chairman.

Commissioner HARRIMAN. Mr. Weinstock, have you any questions?

Commissioner WEINSTOCK. What are the hours of labor now among the molders' unions east of the Rocky Mountains?

Mr. FREY. East of the Rockies, with but very few exceptions, nine hours.

Commissioner WEINSTOCK. Do you know of any other district outside of San Francisco that has an eight-hour day?

Mr. FREY. Yes; our members enjoy the eight-hour day in some of the plants in Baltimore, and they enjoy the eight-hour day in some of the plants in Plainfield, N. J. Mr. Valentine could help me out on that. There may be some others than Baltimore and Plainfield.

Mr. VALENTINE. There are others.

Mr. FREY. Yes; I think there are some others.

Commissioner WEINSTOCK. That is Plainfield, N. J.?

Mr. FREY. Yes.

Commissioner WEINSTOCK. Those are the only two places you can think of now?

Mr. FREY. Yes. We probably have small foundries where they have it, but I mean where it is really a factory deserving of mention.

Commissioner WEINSTOCK. Otherwise it is a nine-hour maximum?

Mr. FREY. Nine hours maximum.

Commissioner WEINSTOCK. I gather from what you say that you believe the molders' unions are greater respecters of all contracts than are the employers?

Mr. FREY. No; we are no greater respecters of contracts than the members of the Stove Founders' National Defense Association.

Commissioner WEINSTOCK. I refer to the other employers.

Mr. FREY. Oh, yes; we believe we consider our contracts much more sacred than they do.

Commissioner WEINSTOCK. Your point is, you have always respected your contracts, but the employers in your founders' association did not respect their contracts?

Mr. FREY. I would not want to say that generally. We think the majority of their members did—and some did not. In some cases they endeavored to discipline their members who did not. In other cases, where members are pretty well entrenched and were drilling something as they have done in Ulster, they did not try to apply discipline.

Commissioner WEINSTOCK. Were there any instances that you know of where the molders' unions violated their contracts?

Mr. FREY. There were cases where our members went out on strike while a contract was in force, but in every one of those instances we forced our members back to work. In fact, the first strike I ever became involved in as a molder occurred when this agreement had just been entered into. I did not know that it existed; and in that town we forced our members back to work in this one shop while in the other foundries they all remained out on strike.

Commissioner WEINSTOCK. Did not the workers in the other foundries also belong to the molders' union?

Mr. FREY. Yes; but the foundry men did not.

Commissioner WEINSTOCK. The foundry men did not?

Mr. FREY. All the foundry men were not members of the association.

Commissioner WEINSTOCK. They did remain out on strike where there was no agreement?

Mr. FREY. Yes.

Commissioner WEINSTOCK. And where an agreement prevailed you were obliged to go back?

Mr. FREY. When we found they were members of the association we forced our members back to work.

Commissioner WEINSTOCK. You said the molders' unions do not believe in arbitration in the sense that we now use the word "arbitration," being an umpire?

Mr. FREY. I want to qualify that and say we do not believe arbitration is as effective as the practice of conciliation and conference.

Commissioner WEINSTOCK. Have you ever been willing, and would you be willing to-day, to submit to arbitration, to an umpire, any disputed matter?

Mr. FREY. We would not be willing to submit any question to arbitration until we had satisfied ourselves it was impossible to reach any agreement through the methods with which we have become familiar.

Commissioner WEINSTOCK. Assuming all other methods had failed and it was a choice between arbitration with an umpire or strike, what would you do?

Mr. FREY. I would have to wait until I reached that bridge. I do not know. It would depend on circumstances.

Commissioner WEINSTOCK. Have not such instances arisen in the past?

Mr. FREY. No; not in the history of our organization.

Commissioner WEINSTOCK. There have been strikes?

Mr. FREY. Yes.

Commissioner WEINSTOCK. Was there an attempt made to arbitrate before the strike was declared?

Mr. FREY. No. We have always tried to adjust these matters first through the parties directly at interest—molders or foundry men—and if they failed, then through representatives of the molders and representatives of the foundry men.

Commissioner WEINSTOCK. In other words, you have gone the gamut of conciliation?

Mr. FREY. The gamut of conciliation and negotiation.

Commissioner WEINSTOCK. But when conciliation has failed, then you have struck?

Mr. FREY. Yes.

Commissioner WEINSTOCK. Without arbitrating?

Mr. FREY. Yes.

Commissioner WEINSTOCK. So you have practically refused to arbitrate?

Mr. FREY. Yes; we do not believe that arbitration would settle; but if we, as practical men familiar with all the details of the problems involved, can not reach a satisfactory basis, certainly no outsiders could do it for us. It might involve an arbitrary ruling, and that would settle nothing.

Commissioner WEINSTOCK. Then we have this proposition and conclusion, that you do believe in conciliation but you do not believe in arbitration?

Mr. FREY. I think that that statement is fairly accurate.

Commissioner WEINSTOCK. Granting that conciliation is preferable to arbitration, is not arbitration preferable to a strike?

Mr. FREY. Under certain circumstances I should say no. There are many times when a strike is better than arbitration, because the atmosphere needs cleaning and clearing up, and a strike will do it when nothing else will. For instance, taking the situation which I have just taken as an illustration of the ground to be covered, would an arbitration, directing members of the foundrymen's association to enter into agreements with us after the expressions of opinion I have just read result in bringing about a condition where we would work together? It would be impossible.

Commissioner WEINSTOCK. Then your statement, Mr. Frey, carries out the statement made by Mr. Briggs when he was on the witness stand, that they had endeavored during all the several years that they operated under the agreement to get arbitration and had utterly failed.

Mr. FREY. I can not recall a single instance where Mr. Briggs or any officer of the National Founders' Association offered to submit to arbitration, and I was very much surprised to hear him make the statement that he did. When the time came for them to build up their machinery they might then say, "Why do you not arbitrate these things?" But they never made a straight-out proposition for arbitration. In fact, while we had friendly relations with the association, Mr. Briggs was neither its president nor its agent. He came in at the time that the breach occurred.

Commissioner WEINSTOCK. You consider that the weak spot in arbitration, as you see it; that is, arbitration with an umpire, when the pressure comes from without rather than from within?

Mr. FREY. Yes.

Commissioner WEINSTOCK. And that, therefore, one side or the other would risk the decision of the arbitrator because it would apparently be against their interest?

Mr. FREY. Yes.

Commissioner WEINSTOCK. And that therefore they would not submit?

Mr. FREY. They would not adopt—

Commissioner WEINSTOCK. The decision of the arbitrator?

Mr. FREY. They would evade it as far as possible.

Commissioner WEINSTOCK. Could not that be overcome by adopting the practice that is followed in a great many industries here and abroad by both sides agreeing in advance that the decision shall be enforced, shall be binding and final?

Mr. FREY. The trouble with that—and I am speaking now from experience—is that where two parties agree that if they fail to reach an agreement upon a question it shall go to arbitration, one or both of those parties fails to make a sincere, earnest effort to settle and tries to get more through the award of an arbitrator than they would get otherwise, the haggling of the market.

Commissioner WEINSTOCK. From that point of view, then, the Newlands Act is not a wise act?

Mr. FREY. In my opinion it is not a wise act.

Commissioner WEINSTOCK. And you would not advise broadening that act or strengthening it?

Mr. FREY. I would not advise unloading any one's responsibility upon a third man.

Commissioner WEINSTOCK. Then, from your point of view, the protocol of the cloak makers in New York is an unwise agreement?

Mr. FREY. No.

Commissioner WEINSTOCK. Because that stipulates that in the last analysis there shall be arbitration, and that arbitration shall be binding on both sides.

Mr. FREY. I believe that provision of the New York protocol is advisable because the two groups would never become familiar with each other, or familiar with the methods of organization of each other. As a temporary measure it is an advisable thing.

Commissioner WEINSTOCK. If that is true, it must be, then, that the protocol will not be maintained?

Mr. FREY. I think it will be modified.

Commissioner WEINSTOCK. You think that the arbitration part of it will be cut out?

Mr. FREY. There will be less arbitration and more negotiation.

Commissioner WEINSTOCK. Then you do not think, for example, that it would be wise on the part of this commission, if, as the result of its investigations, it should decide to recommend a system of conciliation, with arbitration as the ultimate?

Mr. FREY. I think it would be a mistake.

Commissioner WEINSTOCK. You think it would be a mistake?

Mr. FREY. Yes.

Commissioner WEINSTOCK. What would you advise this commissioner to recommend, from your experience?

Mr. FREY. I would recommend that wherever workmen are organized, that employers, recognizing their natural right to organize, should take up with their representative body whatever questions may arise, and endeavor to settle them; if not immediately, continuing until finally adjustments are reached.

Commissioner WEINSTOCK. Then what would you recommend in the event of these evenly balanced bodies being utterly unable to agree? Would you advise a strike or a lockout?

Mr. FREY. I believe that if two large organizations, one of employers and one of workmen, reached a point where they could not agree, and that point was a vital one, no arbitration could settle it. It might temporarily prevent an outbreak, but the outbreak would come, and nothing could stop it. You might stop it temporarily through an award, but if the parties were very wide apart, the conflict will come some day or other.

Commissioner WEINSTOCK. That may be true, but because there may be a conflict, is that any good reason for hastening it? Is it not good policy to postpone it as long as possible?

Mr. FREY. Yes; I believe so.

Commissioner WEINSTOCK. If your theory had been adopted in San Francisco, we would have had war three years ago.

Mr. FREY. There was the very thing that I am recommending. You had no arbitration; you had negotiation and conciliation there.

Commissioner WEINSTOCK. It was not outside of the organization. Both organizations had conciliatory bodies?

Mr. FREY. Yes.

Commissioner WEINSTOCK. And they came together?

Mr. FREY. Yes.

Commissioner WEINSTOCK. And they discussed the matter pro and con for months?

Mr. FREY. Yes.

Commissioner WEINSTOCK. And they were practically unable to come to any agreement?

Mr. FREY. Yes.

Commissioner WEINSTOCK. And war was in sight, but it was finally suggested that they submit their differences to an outside body, which had absolutely no interest in their industry, either as employers or workers, and it was this outside body that finally made recommendations that were adopted by both parties?

Mr. FREY. But it was the method of negotiation and conciliation that was followed, rather than that of arbitration.

Commissioner WEINSTOCK. Yes.

Mr. FREY. It was not the third man deciding what should be done by voting one way or the other?

Commissioner WEINSTOCK. That is true.

Mr. FREY. And that is what I am referring to as arbitration now.

Commissioner WEINSTOCK. Yet the metal trades of San Francisco did have an agreement. Of course, they are not operating under an agreement to-day, but they did have an agreement that they must provide some means of settlement. If necessary, by arbitration, before a strike or lockout could take place, so that they differ, evidently, from your point of view.

Mr. FREY. They may, somewhat; yes.

Commissioner WEINSTOCK. Can you tell us what is the membership of the Founders' National Defense Association?

Mr. FREY. I have seen their directory. They have 70 or 80 members, I think. I will ask Mr. Hogan what it is. It is 70 or 80, is it not?

Commissioner O'Connell. It is 78.

Commissioner WEINSTOCK. What is the membership of the other association?

Mr. FREY. They claim to have 560 members. Mr. Briggs made that statement. I do not know how many they have.

Commissioner WEINSTOCK. You were speaking about these contracts that had been entered into on the part of Mr. Briggs's association with individual workers. You read one of them here.

Mr. FREY. Yes.

Commissioner WEINSTOCK. Were those contracts entered into only with non-union men?

Mr. FREY. Those contracts were entered into only with men who hired out to act as professional strike breakers.

Commissioner WEINSTOCK. Therefore, they, in all likelihood, would be non-union men?

Mr. FREY. Some of them were our members, who took up the occupation of strike breakers because they thought they could make more.

Commissioner WEINSTOCK. But they could not remain members of the union?

Mr. FREY. Oh, no.

Commissioner WEINSTOCK. Their relations were automatically severed with the union?

Mr. FREY. We released them from the union.

Commissioner HARRIMAN. I should like to know what specific steps, if any, the molders' union has taken, since 1907, to bring about a better understanding with the National Founders' Association.

Mr. FREY. Absolutely none. We prefer to deal with their members as we used to before that organization was created, and we are dealing with them quite successfully. We are dealing with them, but possibly not with a very large number of them.

Commissioner HARRIMAN. You have not tried in any way to bring about a better feeling, so that it would be possible for you to work together, from your side?

Mr. FREY. We have done everything we could to bring about a better feeling with the members individually.

Commissioner HARRIMAN. But not with the organization?

Mr. FREY. Oh, no; we have no desire to, unless they change their policy. Their policy is one of annihilation, and we do not want to make friends with people who are trying to destroy us.

Commissioner COMMONS. Are there founders, individual shops, that you prohibit your members from working in?

Mr. FREY. Are there such foundries?

Commissioner COMMONS. Yes.

Mr. FREY. Oh, yes.

Commissioner COMMONS. There are certain foundries that a man in good standing is not allowed to work in?

Mr. FREY. A man in good standing is not allowed to go to work in a shop that we call a closed shop—that is, closed to union men.

Commissioner WEINSTOCK. That would be equivalent to an unfair shop?

Mr. FREY. Yes. It is called a closed shop.

Commissioner COMMONS. Would that be published in a list?

Mr. FREY. We notify our members. We say, "The White shop is closed to union men," or, "The Brown shop is closed to union men." We advise our members which shops are closed to union members.

Commissioner COMMONS. Could you give us any idea as to the number of those shops?

Mr. FREY. I would not want to, offhand.

Commissioner COMMONS. Where can that information be obtained?

Mr. FREY. I will furnish you with copies of our Journal, and you will find it there.

Commissioner COMMONS. The object is simply to advise your members?

Mr. FREY. To advise our members.

Commissioner COMMONS. As to the shops?

Mr. FREY. That they should stay away from.

Commissioner COMMONS. As to the shops that they should stay away from?

Mr. FREY. Yes.

Commissioner COMMONS. On this question that Mr. Weinstock asked, with reference to the establishment of a permanent national body, you answered it under the impression that he meant that that body should be given power to arbitrate, I think. Now, supposing that body was given power only of mediation or using conciliation in a different sense, a conciliatory or mediating power, or endeavoring to get—

Mr. FREY. I would be heartily in favor of anything that would increase the application of mediation and conciliation, because in my opinion it is not the conciliation of the labor trouble, but it is the only thing that maintains the largest degree of peaceable relations.

Commissioner COMMONS. Does your organization have any contact with the State boards of arbitration and mediation and conciliation?

Mr. FREY. We have had the members of such boards talk to us, but wherever they have offered their good services and tried to do something we have never seen any practical results, or many practical results. We have not found them effective in our trade.

Commissioner COMMONS. Can you give any particular reasons why they have not been effective?

Mr. FREY. The foundry men generally decline to have anything to do with them.

Commissioner COMMONS. You think the foundry men would not listen to them?

Mr. FREY. We would gladly have taken advantage of anything they could do to assist to bring about a settlement of the question.

Commissioner COMMONS. That is, if they could have arranged a conference with the foundry men you would have accepted it?

Mr. FREY. Why, yes; because we find that when we can meet the foundry men and talk matters over we generally reach a settlement, and as I read from that circular the members of the National Founders' Association were advised not to meet with us in conference because of the danger of reaching a settlement of their strike. They were afraid to talk with us because it would lead to a settlement of the strike.

Commissioner COMMONS. In arranging such a conference, should there exist such an opportunity, naturally that board would be represented at the conference?

Mr. FREY. Yes.

Commissioner COMMONS. But only in a mediating capacity?

Mr. FREY. Only in a mediating capacity.

Commissioner COMMONS. Attempting to bring them together?

Mr. FREY. Not as a party with arbitrary right to cast a third vote and determine what should be done.

Commissioner COMMONS. Is there any other point you wish to speak of?

Mr. FREY. No.

Commissioner WEINSTOCK. It has been suggested that in order that there may be no room for misunderstanding as to the meaning of words that you be good enough to define what you mean by "conciliation" and what you mean by "arbitration." How do you differentiate between the two?

Mr. FREY. By "conciliation" I mean friendly negotiation between the parties who are directly at interest or conferences between those not directly interested, but representing the same sides. By "arbitration" I mean a condition where a question is submitted to outside parties not directly affected and where, through the odd vote, the question is determined one way or the other.

Commissioner WEINSTOCK. Can there not be arbitration without there being an odd vote?

Mr. FREY. Then it is not arbitration; it is negotiation and conciliation.

Commissioner WEINSTOCK. For example, supposing there were three men there representing the labor, and three men representing the employers, and four out of the six should reach the same conclusion, would not that be arbitration?

Mr. FREY. I can conceive of no such thing as arbitration where the representatives of each side are equal in number.

Commissioner WEINSTOCK. Yet that has been done?

Mr. FREY. It may be called arbitration, but that is not what I have in mind when I have voiced my position on arbitration. My position on arbitration has been voiced with regard to having a third man.

Commissioner WEINSTOCK. An odd man?

Mr. FREY. An odd man to determine an industrial dispute, particularly between workmen and employers, who know more or less about getting along as organizations.

Commissioner WEINSTOCK. Just one more question. Can you, for the information of the commission, give an approximate estimate of the collective pay rolls of the two employers' associations that we have been discussing?

Mr. FREY. No.

Commissioner WEINSTOCK. Or approximately the number of men, workers, represented by the different employers' associations?

Mr. FREY. No; because I have made no effort to find out who the members of the National Founders' Association were for a number of years; it has been an immaterial factor to us.

Commissioner WEINSTOCK. Can you give the number of men employed by the Stove Founders' Association?

Mr. FREY. Mr. Hogan can give that better, I think. I think it is in the neighborhood of nine or ten or eleven thousand, depending upon conditions of trade.

Commissioner WEINSTOCK. Approximately 10,000?

Mr. FREY. Of course when trade is busy, approximately, you can say, 15,000.

Commissioner WEINSTOCK. That would be the maximum?

Mr. FREY. That would be the maximum in the industry as a whole.

Commissioner WEINSTOCK. I would like to ask Mr. Briggs if he could give us some idea of the men employed by his association.

Mr. BRIGGS. Around 30,000.

Commissioner WEINSTOCK. At this time?

Mr. BRIGGS. Yes.

Commissioner WEINSTOCK. That is the maximum molders?

Mr. BRIGGS. I should say that is the maximum in fairly good times.

Commissioner COMMONS. Mr. Briggs, you requested an opportunity to respond to some statements made. Will you take the stand?

Mr. BRIGGS. Certainly.

Commissioner COMMONS. And would you be willing that Mr. Frey should question you?

Mr. BRIGGS. Quite willing.

TESTIMONY OF MR. O. P. BRIGGS—Recalled.

Mr. BRIGGS. I thank you most heartily for this opportunity to respond. As a matter of fact, this reminds me to some extent of the conferences we used to have by virtue of the New York agreement, which we have been discussing here.

I have jotted down a few subjects as I have listened to the gentleman who has just preceded me, and I will take them up in order, as I have so made memorandums of them.

Mr. Valentine referred to certain statements which I made yesterday in which he thought perhaps I was mistaken, and possibly I was. I wish to reverse this position, and I would like very much, indeed, to correct one or two statements which Mr. Valentine made, which I do not think he intended.

First, we will take up the outline of policy which was submitted to you gentlemen yesterday. Mr. Valentine in one of his statements, if I remember correctly, gave as his reason, or one of his reasons, for the failure of the agreement between the two associations to work out satisfactorily the fact that the founders' association had attempted to jam down the necks of the molders our outline of policy. Also, if I remember correctly, he referred to the numerous conferences which we had held by virtue of this New York agreement, and those statements referred to this conference.

Now, my point: The outline of policy which the founders' association adopted was not drawn up or originated until May, 1904. The conciliation agreement, or New York agreement, which we have referred to, was abrogated in November, 1904, but was established in January, 1899; so that, as a matter of fact, it would have been impossible to have that outline of policy before the conference and conciliation meetings during the time those conferences were held. This is just for the purpose of correcting that date.

Mr. FREY. What will be the practice, Mr. Chairman? May I ask Mr. Briggs a question, or shall I wait until Mr. Briggs has finished his statement?

Commissioner COMMONS. As Mr. Briggs wishes; whatever he says.

Mr. BRIGGS. Whatever you desire.

Commissioner COMMONS. Then, you may ask the questions.

Mr. FREY. In view of your statement that the outline of policy was not adopted until May, 1904, how do you account for the recommendations which were made to your members at the beginning of the year not to enter into any further agreements with members of our union unless they contained what your association had demanded?

Mr. BRIGGS. That is why I asked you to give the date. I think we are a little mixed on the date.

Mr. FREY. No; I am not mixed on the date.

Mr. BRIGGS. Please establish the date.

Mr. FREY. I turned it over to the reporter—if the reporter can get it.

Commissioner COMMONS. Yes; I think it was taken out by the reporter.

Mr. BRIGGS. I thought he stated that this document referred to occurred in 1905.

Mr. FREY. No; 1904; and you congratulated your members on having carried out your instructions not to enter into any further agreement with us.

Mr. BRIGGS. I think it is best to have that clear, and I would like to have the document referred to.

(Here the reporter left the room, and returned with the documents requested.)

Mr. FREY. In connection with that matter, I find by the documents in my hand that my statement was right. This is the copy of the Review, dated June, 1914, and relates to a period from the beginning of that year, where the members were instructed not to enter into any more agreements, and congratulates them on having carried out that policy.

Commissioner WEINSTOCK. May I ask what date was the treaty or agreement abrogated?

Mr. FREY. In November of that same year.

Commissioner WEINSTOCK. Several months after the publication of this article?

Mr. FREY. Yes.

Mr. BRIGGS. Mr. Chairman, please bear in mind that at this time I was not attempting to reply to Mr. Frey. I was replying to Mr. Valentine, and in view of the fact that we have sort of mixed these two subjects up, I want to suggest that, if you will, you allow me to go through with my little list of answers that I have here, and reply to them, and perhaps many of these things which the gentlemen have in mind will be brought out, and if they present these questions we will make better time.

Commissioner COMMONS. All right.

Mr. BRIGGS. My reply was directed to the statement made by Mr. Valentine this morning, when he suggested that this outline of policy was used to ram down the throats of the conference at the time we were considering these questions, while the New York agreement was in force.

The next subject is in regard to molding machines. Mr. Valentine made the statement that the labor of the molder in operating these molding machines was exceedingly arduous. I wish to make this statement, that quite the contrary is true, and I will take, for example, one of the last machines that has been brought out, known technically as the jolt machine, and I think I am correct in making the statement that perhaps no more arduous labor occurs in the life of a molder than that of ramming the sand for an extremely large casting. There are times when these foundry men make castings that go far beyond the 20 tons—which, by the way, is a mistake, I think I said 100 tons—because we have several foundries that make castings that run up to that.

The amount of labor required in ramming the sand for one of these castings is very hard work; it is enormous. Within the last few years there has been brought out a machine known as the jolt machine, which performs that arduous labor and removes the necessity of it, or displaces it, by means of compressed air.

The molders often consumed from 10 to 20 days, sometimes I think considerably more than that, in ramming the sand for one of these large castings. The machine treats it in this way: The pattern is put in the flask, and the flask is placed on a table, as if this is the table [indicating]. Underneath is an air cylinder, where, by a simple turn of a valve, air is admitted and the sand is shaken down, and all this arduous labor is performed in 5 or 10 minutes, and the casting is more perfect than a piece by a skilled mechanic, more perfect than a skilled mechanic can possibly produce, because of the fact that the sand in this jolt machine is jolted down, and uses the best skill that a molder can use. He can not ram that sand in as uniformly as the jolt machine. I think you would find, upon investigation, that that same result follows the introduction of molding machines and improved appliances all along the line; perhaps not in so great a degree, but in some degree.

Again, the molders, like all other crafts, have for a number of years been anxious to secure shorter hours. Perfectly commendable. One of the greatest means within their reach to produce shorter hours is by the use of these machines, which eliminate the time, and which render it possible for the output of the foundry to be produced in less time. Our position is that a molder should assist with these machines, that he should have taken right hold of them and put them into the plants and made the most out of them, and assisted the foundry men in being able to produce their products, and by reason of which they could have performed this work in less time.

The statement was made here in regard to the molding machine, also, that they had no objection to it; that they allowed it to be introduced. I want briefly to touch upon the manner in which they allowed it to be introduced, and I take up the pulley illustration which I took up yesterday, commencing practically where I left off. That particular case will illustrate the attitude of the iron molders' union wherever I have met it, and I have met it in a great many cases.

Before our shop was unionized I had two sets of pulley machines, which cost me in the neighborhood of \$5,000 with the equipment. I had no difficulty with the molders themselves producing pulleys on these machines prior to the shop being unionized. Subsequently the union came into our town, and they wanted to unionize these shops, and I feel that Mr. Valentine will agree with me that he found no opposition in my shop. At the time Mr. Kehough introduced me to Mr. Martin Fox in Cleveland, the first time that I had the pleasure of meeting him, he did me the great favor of saying that when he came to Minneapolis Mr. Briggs was a man that gave him no opposition to meet whatever, but gave him the glad hand. I appreciate it.

After the shop was so unionized, there was a time when I was not making many pulleys and the machines were set aside. Subsequently I had an order for about a thousand pulleys. I put the order into the foundry, and the first time it came back I noticed it was quite excessive—three pulleys. The next day, three pulleys. So I called in the foreman and I said, "What about that?" He says, "Well, these men are making these pulleys by hand, not using these machines, and really, Mr. Briggs, I doubt very much if you can get them to use these machines." I said, "Mr. Fyfe, I don't believe that, really; these men in this shop have worked for me and with me before I was an employer for many years. I know all about these machines, and I do not believe that these men will refuse to go onto these machines." I said, "You try it again." So he tried it the next day, and back came the same report. I really did not know what it all meant, but I was going to give that thing a fair trial, so I

said to Fyfe, "You select the six best men there are in that shop and you put them on these machines one after the other and see what they produce." He said, "They don't want to go onto the machines; they don't want to do anything with the machines." I said, "All right, try them on the floor and see what that will do." So he tried them on the floor, and they produced three pulleys, no more and no less.

Then Mr. Fyfe said to me, "You know these men pretty well; they have worked for you and with you for many years. You go and talk to them." So I went in and talked to them. I said, "Charlie, what is the matter out here, anyway? I don't understand this." "Well," he said, "Mr. Briggs, I will tell you what the matter is. Since you have had this shop unionized they have told us to produce no more on these machines than I can without them." I said, "You don't mean to tell me that the union told you that?" And he said, "I certainly do." I said, "You used to produce on these machines well," and he said, "Yes"; and I said, "Have you any objection to it?" And he said, "No."

So I went down the line with these men that worked on these machines, and I got the same reply all along. So I thought of that a little while, and then I referred to this New York agreement under which we were operating, and I said to one of these men, who I subsequently learned was the chairman of the shop committee, "Now, George, let us refer this to these two national organizations and see what they are good for. You write to Mr. Fox and I will write to Mr. Letchworth, and we will see what we can do about this."

"Well," George said, "Mr. Briggs, I kind of hate to write that letter; I wish you would write to Mr. Fox. You know Mr. Fox." I said, "Certainly, I know Mr. Fox, and I have the highest regard for Mr. Fox. I will write to Mr. Fox if you will give me authority to say to him that I am writing at your request;" and he said, "All right." So I wrote him, and Mr. Fox sent up Mr. Kehough to look the situation over. Mr. Kehough came into the office, and I was very glad to see him, and I said, "Mr. Kehough, just straighten this thing out. I have these machines at a price that I made when I was getting six or eight a day, and now to put it down to three I am behind. Really, I can not do this;" and I said, "I think this is an unfair proposition here."

So Kehough went into the shop and came back to the office and said, "Well, Mr. Briggs, I think you had better abandon that idea." He said, "Telling you the plain facts, you know our association is very much opposed to this machine, this molding machine; we don't like it, and our men don't like to work on it, and I think you had better drop it."

I said, "Well, Mr. Kehough, that is pretty hard. If I drop out and make these pulleys the way you want to make them, that will cost me in the neighborhood of \$700. I don't believe you want me to do that; I really don't believe you want that, you are too good a fellow to do that." And he said he would take it up with the union that night.

The next day he said he could not do it; the men were very obstinate and would not work on that machine, and if they did, they would only turn out three, and they urged me to give up the idea. I said, "I don't propose to do that. I made no objection to unionizing this shop, but I did not suppose for a moment that that meant that I could not receive the benefits of the improved appliances that I might put in my shop for the purpose of reducing cost and for protection, and I have no disposition whatever to take these machines away from these molders. I have known these boys all my life; they are good fellows; and if you will go in and say to these boys, 'Go ahead and make these castings on these machines as they ought to be and get a fair day's work on these machines,'" and he said, "We will try once more," and the result was that he was around four days, and then he came to me and said, "Mr. Briggs, I am going back and refer this to Mr. Fox."

In the meantime I think he said, "We had better hold this conference open a little bit," he says, "I don't think we had better make an arbitrary ruling." I thanked him for that and I said, "But in the meantime I have got to get these pulleys out. This thing can not be prolonged here a long time," and I told him that we ought to have an announcement the very next morning, which we had, but I had quite a little difficulty with these men to hold them in; but I did hold them in; in fact, I held them in—I guess, about half of them—when one day they all quit, and I said, "Now, look here, boys, you can not quit under this New York agreement," and I took the agreement and read it to them, and dealing with these men personally—in my own personal way—and by the time the conference was held the pulleys were made; in fact, I do not think I had any more pulleys after that, so that was disposed of in that way.

MR. VALENTINE. May I ask a question?

MR. BRIGGS. I would prefer that you wait until I get through and I will answer. I know what question you are going to ask.

This pulley business ran along for about a year and the foundry was sold out to another firm and the workmen all went over, and the same question came up in very short order. That shop was struck and they had a bitter time about it—the Minneapolis Steel & Machinery Co.—on molding machines.

I want to repeat what I said yesterday, that our experience all along the line is that the molders will not operate a machine and that the reason they will not operate them is that they are so instructed from the officers of the Iron Molders' Union of North America. Had the Iron Molders' Union of North America been out of the way, I would have had these pulleys made, and made with molders at \$3.50 a day.

Commissioner O'CONNELL. Are they operating the machines to-day?

MR. BRIGGS. In that foundry?

Commissioner O'CONNELL. The molders.

MR. BRIGGS. It depends upon what foundry you go into.

Commissioner O'CONNELL. You say they will not operate them. Are they operating them at all?

MR. BRIGGS. I didn't say that. I say they oppose the machine. I will add to that that whenever they are strong enough to strike a shop where they are forced to go on with these machines they will strike it. That is my experience.

Commissioner O'CONNELL. I understood you to say that they would not operate them, and now you say that they are opposed to it.

MR. BRIGGS. Then, I will make that a little stronger. I did not understand your question. I say they will not operate these machines if they think they are strong enough to force their hand. That has been my experience. Of course, I am speaking from my own experience about that. And, again, I want to say that in that same respect I do think that these gentlemen make an awful mistake; that they will not go ahead and show the benefits of molding machines to get shorter hours.

Now, about the number of conferences which we have held.

If I understood Mr. Valentine correctly, he rather discredited my statement that we had held 2,500 national conferences. Have you the minutes, Mr. Chairman, of the interview of yesterday? My memory is that I said there had not been 2,500 conferences held nationally and locally, but when locally they were under the jurisdiction of the national association. I intended to say that. If I did not, I wish to correct that statement to-day. I believe that 125 of those occurred right in St. Paul and Minneapolis. We used to have conferences you know. The boys would write a letter in, or get a letter from you, Mr. Valentine, or from Mr. Fox, "have a conference together and do so and so," strictly under your instructions. I calculate that as a national conference. It is really so constituted, and it is those conferences that are included in the 2,500.

Commissioner O'CONNELL. If the chairman of the committee called at your office and said, "Hello," about something that occurred in the morning, you would call that a conference?

MR. BRIGGS. No, sir, I did not. I call it a conference when the chairman of the committee comes in and says, "We will not do what the foreman asks us to do. Let us have the two committees get together and lay off for a couple of days."

Mr. Valentine made the statement that the officers of the National Founders' Association were not practical. I wish to correct you on that, Mr. Valentine, and I believe you will accept the correction. If you will remember correctly, the first commissioner of this association and the man who was commissioner up to the time I succeeded him, was Mr. John A. Fenton, a man who served many years as a molder, and many years a distinguished member of the Iron Molders' Union of North America. This same molder, Mr. Fenton, was the man who did the greatest amount of work at the inception of this association in securing an organization of the National Founders' Association, and he was a practical molder. Added to that, I want to say that wherever it was possible for this practical molder, Mr. Fenton, to attend these conferences, he always attended them. I think I am correct about that, Mr. Valentine.

Again I want to call your attention to the fact that these national conferences, which has been in discussion here so much, were usually attended by such men as Mr. A. C. Persanno, who is a mechanic by trade and came up from the ranks; and also by Mr. Phaler—and Mr. Phaler, by the way, was one of the originators of this association, I think. Mr. Phaler had interests in shops

which were members of the National Founders' Association as well as the Stove Founders' Defense Association, and, if I remember correctly, he was quite a practical man.

We always aim to get to these conferences men who were practical and who did know something about the art and skill and trade of molding. I think, upon reflection, Mr. Valentine, you might perhaps wish to change that.

Another point Mr. Valentine made this morning was that the foundry men would always adjourn the meeting too promptly. I wish to call attention to the provisions of this New York agreement, which perhaps we have not before us, but which provides for an equal number on each side, and it is therefore impossible to adjourn this meeting, strictly impossible, until one or the other shall come over. We deadlocked time and time again and could not adjourn. One side would say, "I guess we had better adjourn," and the other side would say, "No; let us go on." It was three and three right alone, and those conferences were prolonged many times when one side had completely exhausted their efforts and the other side would insist on going on. I believe in all sincerity that so far as that question of giving these matters attention, the foundry men themselves, every one of them who went into these conferences—and I am going to submit the names of those gentlemen here pretty quickly, if the commission will permit me—entered into these conferences in a spirit of fairness and with a determination to reach an amicable end. I want to say in behalf of those men, every one of them that sat upon these conferences in the years that I attended them, that they did make a straightforward, honest, conscientious, and sincere effort to meet you gentlemen on the same basis of conciliation, which you, Mr. Valentine, and you, Mr. Frey, have so beautifully illustrated here.

I want now to come to a statement here in regard to wages and hours having constituted the differences upon which we broke and by reason of which, as I understand the gentleman who preceded me, they placed greatest stress.

Mr. Taylor, will you give me a couple copies of the Iron Molders' Journal?

(Mr. Taylor handed certain papers to Mr. Briggs.)

Mr. BRIGGS. I wish to call your attention to this Journal, which is the official organ of the Iron Molders' Union of North America. I read that Journal years ago with a great deal of interest. I used to have it every day and I think Mr. Valentine was the man who sent it to me. I do not know; I asked him to do so once, and he said he would.

Mr. VALENTINE. Do not you get it yet?

Mr. BRIGGS. I do once in a while; and as a matter of fact that I have so much else to attend to that I do not have time to read it.

Mr. VALENTINE. You cut me off your list.

Mr. BRIGGS. Do you want it—do you want the Review?

Mr. VALENTINE. You bet I do.

Mr. BRIGGS. Mr. Taylor, will you see that Mr. Valentine has the Review? I supposed he did have it. The Review is for the benefit of all people interested in labor.

Mr. VALENTINE. I want to be educated.

Mr. BRIGGS. You shall have all you want of them.

Getting back to this Journal, I call your attention, gentlemen, to the fact that this Journal is of May, 1906, about a year and a half or two years subsequent to the abrogation of the New York agreement. In 1906 there came a show-down in this struggle we have been talking about. It went all over the country. They struck a whole lot of shops. I will talk about them a little later, but this Journal from which I am quoting is for the sole purpose of supporting a statement I made here yesterday that the contentions over which we were laboring and on which we could not agree were not wages and hours. I will read from this Journal, at page 357, as follows:

"For the past two years the organization as a whole has been marking time. and the large and costly strikes supported had not been entered into for the purpose of securing higher wages or shorter hours, but with the object of resisting the foundry men's efforts to take away from the molders a portion of the conditions they had already secured."

I assume that is from your pen, Mr. Frey?

Mr. FREY. Read it all, and then we will take it up.

Mr. BRIGGS. Suppose we submit the whole Journal? I am willing to read the whole thing.

Mr. FREY. Make your point, and I will reply.

Mr. BRIGGS. I submit the Journal.

Mr. FREY. Let me have that, because that is very unfair.

Mr. BRIGGS. Again, I want to refer to the official organ of the iron molders' union for September, 1907, a year later, in which Mr. Valentine, in addressing his convention at Philadelphia, I believe, under the subject of "Relations with the National Founders' Association," stated as follows:

"Although there is no official relationship between the N. F. A. and the I. M. U. of N. A. at the present time, I believe that reference should be made to that period when it existed, and particularly so to the substance of the joint conferences held with the object of providing some general form of agreement that would regulate the relations to exist between the foundry men and molders. For several years efforts were made by both parties at interest to reach some common ground on which could be established a general form of agreement. The far-reaching value of such an instrument to both associations was generally recognized and conscientious efforts were made by the representatives of both bodies to assist in drafting an agreement which would conform to the mutual welfare and meet with the sanction of a majority of the membership of both associations and that would also provide for the regulation of many of those questions which previously had been the cause of misunderstanding and contention.

"Several national conferences were held with this object in view between October, 1902, and April, 1904, but instead of tending to develop a common ground on which the foundation for a general form of agreement could be laid they developed wider differences of opinion, until at the conference of April, 1904, it became evident after several days of discussion that, for the time at least, a general form of agreement between the two associations was impossible.

"The main questions that had been at issue, and which were finally presented in concrete form by the N. F. A., applied to the limitation of output, the ratio of apprentices, the employment of handy men, the operation of molding machines, and the minimum wage rate. It was the foundry men's desire that if a general or national form of agreement was consummated it should provide for the unrestricted employment of apprentices and handy men, and should leave the method of operating molding machines optional with the foundry men, and should further provide that a percentage of molders employed in each foundry should be allowed to work for a definite rate below the minimum. To these propositions we were unable to agree, though there were several questions in addition to those just mentioned upon which mutual understanding had been reached, and it was my belief that progress would have been made had these been adopted as the foundation for a general form of agreement. This view was not acceptable to the representatives of the N. F. A., who held that unless an agreement could be reached which would include in its provisions those conditions which had been expressed in their propositions as submitted; it would be of no avail to have any national form of agreement."

Gentlemen, I call your attention to the fact that in Mr. Valentine's report to his union the only reference that is made in there to wages and hours is a question of minimum wage rate, and I submit to you, gentlemen of the commission, that my statement of yesterday was correct.

I would like to take up violations of the New York agreement now. Mr. Taylor, have you the list of some of those?

(Mr. Taylor handed a paper to Mr. Briggs.)

Mr. BRIGGS. In this last conference, to which Mr. Valentine refers in that report, and to which I have referred and propose to refer to again, we were asked to submit some statements of why the iron molders' union had broken their agreements, both the New York agreement and the agreement locally, and we submitted a list of some 40 or 50, among which was a reference to an agreement attempted between the Iron Molders' Union of North America and our members in Chicago in 1901.

An agreement was made between the National Founders' Association and the iron molders' union for Chicago and vicinity at \$2.65 and \$2.85 for floor and bench. The local union refused to abide by this contract and went on strike July 15, 1901. The international union apparently made every effort to discipline the Chicago members, but it availed nothing and they continued on strike for over a year. In July, 1902, while the strike was in progress, the convention of the iron molders' union met in Toronto. The Chicago union presented a bill for \$5,000 for expenses incurred in conducting this illegal strike. A resolution was adopted allowing the \$5,000 and agreeing to sanction

their grievance if the Chicago conference board would declare the independent strike off.

That is a sample, gentlemen, of some of the agreements which these gentlemen can not live up to. I think they made an honest effort to have their men live up to this agreement, but they would not do it. The point to which I wish to call your attention is the fact they did not discipline them. They called a convention and were asked for \$5,000, and the iron molders' union gave it to them.

I want to read a letter in regard to that. I read it for two purposes—first, its bearing upon this particular case; and, second, because it was written by that friend of your's and mine and the whole crowd, Mr. Valentine, Mr. H. W. Hoyt, when he was president of this association, and who is now vice president of the Great Lakes Engineering Co., at Detroit, one of the ex-presidents of this association, a man who devoted an enormous amount of time in an effort to agree with these gentlemen. This letter was dated July 19, 1901, and reads as follows:

Mr. MARTIN FOX,
President I. M. U. of N. A., Cincinnati, Ohio.

MY DEAR SIR: A very serious question regarding the extent of the authority of the executive board of the Iron Molders' Union of North America has arisen in my office this afternoon.

I have had the honor and the pleasure of a call from two of your members in this city, to whom I have read your letter of July 12, accepting on behalf of your executive board, the wage scale in the city of Chicago of \$2.65 per day for bench molders and \$2.85 per day for floor molders.

It is represented to me that the understanding of the molders in the city of Chicago is that the decision of your executive board is not binding upon the organization in the city of Chicago, but is, as they understand it, simply a recommendation for acceptance.

I am also informed that Mr. Keough has not made your position clear to the molders in this city, and that he has not, as a matter of fact, insisted that the action of your board was final and binding upon the members in this city, instead of merely a recommendation.

I have discussed this matter with the gentlemen who have waited upon me, at some length, and have stated to them that I have never heard the authority of your executive board in such a case questioned.

In order that I may be thoroughly advised myself, I respectfully request that at your earliest convenience (which I trust will be by return mail) you will clearly define the extent of the authority of your executive board in such a case.

I will also ask permission to read your letter in reply to this to the gentlemen who have waited upon me this afternoon.

Under all the circumstances, I trust you will pardon me if I offer the suggestion that your own presence is needed in the city of Chicago to fully define the authority of your executive board. I believe that if the molders of the city of Chicago could have such an explanation as I have outlined matters would clear up immediately in this troubled district.

The gentlemen who waited upon me presented the following form of an agreement which they claim Mr. Keough recommended and advised should be presented to the George Pyott Foundry Co. I would like to have you read the same and give me your opinion of it. My own thought about it is that Mr. Keough has not clearly defined the situation, and by such a letter has greatly complicated existing difficulties. The letter which I have had copied verbatim is as follows:

"CHICAGO, July 19, 1901.

"To committee representing the molders in Geo. Pyott's Foundry Co.

"GENTLEMEN: This company agrees to pay the molders the sum of three dollars (\$3) per each day's work commencing July 15, and until a fixed rate of wages is determined which is now in dispute amongst the molders and the manufacturers. We then agree to pay the wages thereupon decided.

"Trusting I may have your early reply, I remain,

"Very truly, yours,

"(Signed) H. W. HOYT,
"President, N. F. A."

As I have already stated, undoubtedly Mr. Fox did everything he could to cause these men to live up to that agreement; but they did not live up to it. If I remember correctly there were some dozen or fifteen shops involved, and, if you will remember, that strike was pretty bitter. That is the case which we claim was very vital in discouraging our people very much in attempting to deal with this union. They did not live up to those agreements.

I want to refer to the Utica case, which Mr. Valentine and Mr. Frey and myself have referred to. I would like to call attention to the fact that this difficulty over the Utica situation occurred in the spring of 1904. The difficulty began, I assume from what I found out later on, perhaps years before. At this particular date, when this was on in the spring of 1904, I had just taken the position of commissioner of the National Founders' Association. As commissioner of that association many of these difficulties that had arisen prior to that date did not come before me as an officer of that association, although I had served as committee man many, many times. I want to detail that a little bit.

When I went into this office and looked matters over no special attention was called to my mind about the Utica situation, until one day Mr. Keough called me up and told me that the Utica molders were all on a strike and I had better go over there. I said, "What is the matter?" He said, "Of course, there has been trouble brewing there for some time, and the molders are all out, and you had better go over." Understand, gentlemen, this was after we had conference after conference after conference over a period of practically seven years. I was just coming on. We had tried, as I have stated to you, honestly and conscientiously to pattern the methods of our association by the Stove Founders' Defense Association, and as I went up into this situation I could see clearly that relations were getting a little strained. In fact, they were infinitely more strained than I had had any idea they were when I accepted that position. Imbued with that idea, I felt I should handle that case with the greatest degree of caution. It was the first big one I had to handle by virtue of the office I held, and I wished to approach it with extreme care. I went over to Utica and spent a couple of days there in investigating the matter. Mr. Keough declined to go with me, which was quite a disappointment to me, just having come into that office; but it was all right. I thought I would go over and look that situation over.

At this point I want to call your attention to this New York agreement, which provides:

"That in the event of dispute arising between members of respective organizations, reasonable efforts shall be made by the parties directly at interest to effect a satisfactory settlement of the difficulty."

Interpreted, that means that employer and employee shall use their best efforts to settle that difficulty without its reference to either of these organizations. I think these gentlemen will agree with me that is a correct interpretation of that clause.

This New York agreement further provides:

"Pending adjudication by the committee of arbitration, there shall be no cessation of work at the instance of either party to the dispute."

The condition as I found it when I got over there was this: These people had settled their difficulties some time before that. The question that had been of considerable moment in that case was the question of improved appliances, usually covered under the head of "molding machines," by reason of which they thought they had been able to effect a reason for modification in the piece-work prices of that shop. Their character of work in that shop was similar to that in the Stove Founders' Defense, but they were not members of the Stove Founders' Defense.

They told me that they had adjusted the difficulty, and the men told me the same thing. I got to the men themselves. I did not take the proprietors' word for it. I always like to get out and get acquainted with those men. There is nothing I enjoy more than getting out and getting with my men and settling these questions. Half a dozen men said, "That is all settled if you will take the 'national' out of it." Then I go back to the proprietors, and I look over their pay roll, and they exhibit these wages for a month or six weeks, and I said, "Here is certainly a difference of opinion. Here is a chance to apply the New York agreement." One of the advantages of the New York agreement is that the men shall not go out. Before it was ever referred to me at all the men went out. I went back and talked this over with my board and talked it

over with Mr. Keough and Mr. Valentine, and said, "Here, put your men back and comply with the New York agreement, and we will have a conference." Believe me, gentlemen, we could not get a conference. They denied it absolutely.

Subsequently there came up the question as to whether I had the right interpretation of that New York agreement or not, and, it being one of my first cases, I thought that I would just refer that to an ex-president of that association, one of whom everybody had the greatest respect for; and it pleased me very much to know that Mr. Frey and Mr. Valentine had quoted them here today. You will recall the conference that Mr. Frey referred to, wherein an interpretation was put on the New York agreement; and Mr. O. P. Letchworth was one of those gentlemen—a man who spent an enormous amount of time and energy in endeavoring to have peace. When the question came up that I had not done the proper thing, I wanted an ex-president on this thing, and so I wrote Mr. Letchworth a letter and asked him if he would give me his opinion in regard to this. I wanted to know whether I was right or wrong. I have here the correspondence with Mr. Letchworth, and I should like to read it. It is as follows. This is dated Buffalo, N. Y., October 18, 1904. This was in October, about the time of that conference. I do not recall the date. This letter is as follows:

PRATT & LETCHWORTH CO.,
Buffalo, N. Y., October 18, 1904.

O. P. BRIGGS,
Commissioner National Founders' Association, Detroit, Mich.

MY DEAR MR. BRIGGS: Referring to the conversation recently had with you in Cincinnati relative to the situation in Utica, and after hearing the statements presented at that time, I beg to say that I do not see how there can be any criticisms made on the part of the molders' union that the officers of the National Founders' Association in any way violated the provisions of the New York agreement in that case.

The purpose of the New York agreement is to prevent strikes and lockouts, and a method is provided whereby either party who perchance may be dissatisfied and feel that they have cause for complaint, can ask for a conference to pass upon the point in question, which conference should be held within two weeks.

The New York agreement was not framed for the purpose of establishing any fixed policies, nor for the purpose of preventing the introduction of such changes as in the judgment of the employer might seem proper, but was created to afford opportunity for each side to be heard upon the subject in dispute and, if possible, reach an adjustment of the issue without resort to strikes or lockouts.

In Utica the men, it appeared, were not satisfied with the proposed reduction in their pay, but continued at work and accepted the reduction under protest until ordered out by their national officers.

This was clearly a dispute between employer and employee, which dispute, under the terms of the New York agreement, entitled the aggrieved party to ask for a conference, in the hope of reaching an amicable settlement before the men should strike or the employer should lock them out.

I am informed that the foundrymen were perfectly willing at that time to submit the entire matter to a conference and abide by the result.

The issue here was clearly defined, but the New York agreement was entirely ignored when the men were ordered on strike. It was a question of difference between the molders and their employers, and had the former carried out the provisions of the New York agreement their duty would have been clearly and specifically defined, i. e., that they should have asked the president of the National Founders' Association for a conference to consider the question, and it would have then been the duty of the president to appoint such a conference.

This the molders did not do, and the record does not show that such a request was ever made to our association; in fact, Mr. Keough admitted this to me at Cincinnati last week, and I then stated to him, as you will remember, that this was where he made his fatal mistake.

In my opinion, the trouble at Utica has been brought about entirely because of the failure of the officers and members of the molders' union to comply with the terms of the New York agreement and call for a conference to decide upon the conflicting claims before the men should be called out. Both sides

were agreed that a dispute existed, and the natural sequence was a conference as provided by the agreement.

The criticisms made by the union of the action of the National Founders' Association and its members in Utica, it seems to me, are not sustained by facts.

Very truly, yours,

O. P. LETCHWORTH.

I submit that, gentlemen.

(Informal conversation between members of the commission and the witness ensued at this point.)

Mr. BRIGGS. I understand, Mr. Chairman, that you want to stop now?

Commissioner COMMONS. We want to stop in half an hour.

Mr. BRIGGS. Do I understand that I am refused to complete my reply to statements of the representatives of the union? I do not think I can do it in half an hour. I am in your hands, gentlemen. There have been some very serious charges made here, and I feel, on behalf of the men that I represent, that I should reply to these statements. I have said several times that I represent 350,000 men, and that I think I ought to be heard.

Commissioner O'CONNELL. How many men did you say there, that last time?

Mr. BRIGGS. I say the members of this founders' association must comprise at least 450,000 men.

Mr. THOMPSON. It has been suggested here that perhaps it might be satisfactory to Mr. Briggs if he would submit what we call in the law a brief, a statement of facts, to this commission, either in typewriting or in print, and in that way he could cover the entire field, and could do it at his leisure, and we could still make our dates on our calendar. We have already taken two days for one day's allotment.

Mr. BRIGGS. The disposition of this association is to comply with your wishes, to the letter.

Mr. THOMPSON. Would that be satisfactory to you?

Mr. BRIGGS. It will be satisfactory if, after we submit that brief, we may have a little opportunity some time before you draw your conclusions, to have an hour of argument before you. I do not think I should be representing my people as I should represent them, if I did not file that request.

Mr. THOMPSON. We will have meetings in various cities. Where would you like to present that argument?

Mr. BRIGGS. Where it is most convenient to this commission.

Commissioner COMMONS. According to your suggestion, then, we might have briefs from both sides, and rebuttals, and when the briefs are put in the commission will get acquainted with them, and then make some special appointment, in the West, in Cincinnati or St. Paul, or somewhere else, where the matter could be thrashed out.

Mr. THOMPSON. Chicago might be a convenient meeting point.

Mr. BRIGGS. So far as I am concerned, very much so; but I will make that place at the convenience of this commission. I will go around the world, if you call us there.

Mr. THOMPSON. I should like to go around with you.

Mr. BRIGGS. Thank you.

Commissioner COMMONS. Are you willing to pursue that course?

Mr. VALENTINE. We have always been willing to follow the members of the N. F. A. wherever they went.

Mr. BRIGGS. Except in the open shop.

Commissioner COMMONS. Would you be willing, with that understanding, to close the hearing at this point?

Mr. VALENTINE. I just want to ask him three questions.

Mr. BRIGGS. May I ask him three more afterwards?

Mr. VALENTINE. Yes.

Mr. BRIGGS. That is our practice.

Commissioner COMMONS. I do not like to break up a friendly conversation between you two.

Mr. VALENTINE. We have not gotten together for five years. This is the first chance we have had.

Commissioner COMMONS. Well, we will sacrifice something to have you get together a little.

Mr. VALENTINE. Mr. Briggs made this statement about this molding machine. What kind of a molding machine is that?

Mr. BRIGGS. Which one?

Mr. VALENTINE. The one you referred to. The pulley machine.

Mr. BRIGGS. It is a Treadmore, I believe. No; it is a Delano pulley machine.

Mr. VALENTINE. Is it run by hand?

Mr. BRIGGS. Yes.

Mr. VALENTINE. The only thing about it is that it draws the pattern?

Mr. BRIGGS. It draws the pattern. It has a little device over it to assist in throwing off the flash.

Mr. VALENTINE. And you said that the men would not work on that machine?

Mr. BRIGGS. I did.

Mr. VALENTINE. I want to answer what you said, that, if all that you said are the facts in the case, I think you have had a very bad deal on that proposition.

Mr. BRIGGS. I thank you.

Mr. VALENTINE. If that is all true.

Mr. BRIGGS. I can prove it.

Mr. VALENTINE. I want to make a personal investigation of that. Will you permit me?

Mr. BRIGGS. Certainly. Start in with Mr. Keough, your vice president.

Mr. VALENTINE. And I want to report the results of that investigation to this commission.

Mr. BRIGGS. I will assist you all I can.

Mr. VALENTINE. That is satisfactory.

Mr. BRIGGS. Thoroughly.

Mr. VALENTINE. Who was this man you approached that you called Charlie a while ago?

Mr. BRIGGS. Charlie Peterson was one of the men, and I think Anderson was one of the other men's name.

Mr. VALENTINE. I just wanted to know who Charlie was.

Mr. BRIGGS. There were six of them. I do not know whether those old time books are intact or not. The Queen City Iron Works were sold. I can get you the names of everyone of those men, though.

Mr. VALENTINE. I will ask you a question. Are you still a member of the National Founders' Association?

Mr. BRIGGS. Yes.

Mr. VALENTINE. Do you mind telling me whether the policy that you carried out before, to investigate grievances before you sustain your members, is still the policy that is followed?

Mr. BRIGGS. It was so long as this agreement was in force. So long as this New York agreement was in force I think we lived strictly up to the law.

Mr. VALENTINE. Do you have any different policy now when a grievance arises?

Mr. BRIGGS. I do not quite understand that question.

Mr. VALENTINE. I mean, if a member has a dispute now, do you use the same policy that you used to of investigating to see who is right?

Mr. BRIGGS. We can not do the same as we did before, because our official relations with the founders' association and the International Molders' Union were interrupted in 1908.

Mr. VALENTINE. Before you pay these men any money do you try to find out whether they are justified in bringing about a strike in their shop or whether we brought it about?

Mr. BRIGGS. I do not quite understand that; but if I do understand it, it is this: In case of a difficulty in a foundry, and the foundry applies for the support of the National Founders' Association, does the National Founders' Association investigate that case?

Mr. VALENTINE. Yes.

Mr. BRIGGS. I answer that "yes"; they do to the greatest degree possible.

Mr. VALENTINE. Are you supporting the Flower City Ornamental Works?

Mr. BRIGGS. The Flower City Ornamental Works are not members of this association.

Mr. VALENTINE. They are not members?

Mr. BRIGGS. No, sir.

Mr. VALENTINE. They used to be very prominent members, but I do not know.

Mr. BRIGGS. Quite so, but they are not now.

Mr. VALENTINE. Mr. Tetoff told me last week that the foundry men of St. Louis and Minneapolis were behind him and he had locked out our men, and they were going to lock out all the molders in St. Paul.

Mr. BRIGGS. I can not answer for Mr. Tetroff. I have not had a word with him in any way, shape, or form. That company is not a member of the association, and there is no reason why he should come before us.

Mr. VALENTINE. No; I know he is talking through his hat. That is all. Commissioner DELANO. When you had that trouble about making pulleys, were your men being paid daywork or piecework?

Mr. BRIGGS. Piecework.

Commissioner O'CONNELL. Using the word "arbitration" in what is spoken of as the New York agreement, you meant by that conciliation, and not the appointment of an umpire?

Mr. BRIGGS. Yes; that was the interpretation in the New York agreement. They would never consent to the odd man.

Commissioner O'CONNELL. You do not mean arbitration in the sense of having the odd man?

Mr. BRIGGS. No, sir.

Commissioner O'CONNELL. How many molding machines have been introduced in the foundries?

Mr. BRIGGS. Since that date?

Commissioner O'CONNELL. Yes.

Mr. BRIGGS. It is impossible to answer that question. There have been an enormous number.

Commissioner O'CONNELL. You believed that the introduction of the machines would be one of the things that would reduce the hours of labor?

Mr. BRIGGS. Yes.

Commissioner O'CONNELL. Has it had any effect in that direction?

Mr. BRIGGS. The hours of labor have been tending downward all through that entire period. I do not know what hours prevail now in these foundries, beyond what I stated yesterday. I stated I thought the average was about 9 hours, and of course many of these men do not work 9 hours. They quit when they pour off their heat, and perhaps they work only 7 or 8 hours. There is considerable latitude about a man getting through, and if the heat has to be taken off before he has worked quite as long as he ought to, he quits then.

Commissioner O'CONNELL. There has been nothing to the effect that the hours were going to be reduced one hour a day or a half an hour a day as the result of the introduction of the machine; no notice of that kind?

Mr. BRIGGS. No; we do not post that kind of a notice in our shops.

Mr. FREY. Before we adjourn, I want to have the floor for a minute.

Commissioner COMMONS. Is there something that you want to state?

Mr. FREY. No; I want to call attention to statements made before the commission.

Commissioner COMMONS. It has reference to this testimony?

Mr. FREY. Yes; to the testimony of Mr. Briggs.

Commissioner COMMONS. Very well.

Mr. FREY. The unfortunate part of it is that I fear the discussion has drifted away from the point I wanted to make, of the cause of the inability of the molders' union to maintain friendly relations with the National Founders' Association, and I want to read you some quotations. These quotations are taken from the Journal. A few lines of this Mr. Briggs has just read:

"For the past two years the organization as a whole had been marking time, and the large and costly strikes supported had not been entered into for the purpose of securing higher wages or shorter hours"—

That is used for the purpose of creating the impression that these strikes were for the purpose of getting something else—of getting machines, and so on. I continue reading—

"had not been entered into for the purpose of securing higher wages or shorter hours, but with the object of assisting the foundry man's efforts to take away from the molders a portion of the conditions they had already secured."

This was written in 1906, two years after the strike.

I read further:

"Since the abrogation of the New York agreement and the adoption of a hostile policy by the N. F. A., many members of that association, counseled and encouraged by their officers, had endeavored to force reductions of wages, and the 'open shop' upon all members."

Had the whole thing been read, an entirely different impression would have been made.

Mr. BRIGGS. May I ask that that whole Journal be presented. There are two pages of that. I should like to answer that, Mr. Chairman, and I do want to emphasize the point that our relations with the iron molders' union while that New York agreement was in force were of the most cordial, and that we made the very best efforts possible for all those years; and that at the end of that time our patience was exhausted. The Stove Founders' National Defense Association, as Mr. Valentine said, has trifled with that proposition for 10 years, and has not got a decision yet. To paraphrase Mr. Valentine a little, if he had waited 10 years for the doctor we would have been dead.

Commissioner COMMONS. We are very much obliged to you, Mr. Briggs.

Mr. BRIGGS. Thank you, Mr. Chairman.

Mr. FREY. I want to make another correction while Mr. Briggs is here.

Commissioner COMMONS. A correction?

Mr. FREY. Yes; so that the record will be accurate. On the question of the molding machine, Mr. Briggs made the statement that he believed that our officers had advised the members not to operate molding machines. Briefly, let me state our position for ourselves. At our convention in 1899 we adopted a new law which provided that our members should endeavor to secure control of the molding machine, should work on the machine; shortly after this New York agreement was entered into, so that that was the official policy. Since that date we have continuously made efforts not only to have our members operate those molding machines, but to take up with the foundry men the question of what the prices should be. I want to say that emphatically, and positively, there is no opportunity for making any contradiction to this, that our invariable policy since 1899 has been to operate this molding machine.

In the second place, it is a minor matter, it is true, that there is one type of molding machine that decreases the degree of manual labor. The ordinary molding machine is not a jarring machine, and where the ordinary molder made 75 by hand, he now makes 150, but he shovels twice as much sand, and has twice as much work to shake out, so that the molding machine has increased the manual labor.

Mr. BRIGGS. In most cases the helpers do the molding and shovel the sand and the molder does not.

Commissioner DELANO. I want to correct an impression that we may be getting in the record, there, that your organization not only furthers, but encourages the use of the machine in preference to handmade molds.

Mr. FREY. No; no.

Commissioner DELANO. I should not think so.

Mr. FREY. We do not encourage the use of the machine; but we had a number of agreements entered into before Mr. Briggs became commissioner, in which we agreed that the molding machine should be introduced into the foundry without any objection on our part, and yet the commissioner comes now and says we objected to it, when we entered into those agreements with the association. We can submit a hundred of those original agreements in which we agreed that we would not make any objection to the introduction of molding machines.

Mr. BRIGGS. Then when the machines were put in, they would not do the work.

Commissioner COMMONS. The hearing of the rest of the witnesses on our calendar will be proceeded with at 10 o'clock to-morrow, and those who are down for Wednesday have been telegraphed, I believe, to come on Thursday, instead, so that we will devote to-morrow to the program of Tuesday.

(Whereupon, at 6.20 o'clock p. m., the commission adjourned until to-morrow, Wednesday, April 8, 1914, at 10 o'clock a. m.)

WASHINGTON, D. C., *Wednesday, April 8, 1914.*

The commission met at 10 o'clock a. m. in the assembly room of the Shoreham Hotel.

Present: Commissioners John R. Commons (acting chairman), Mrs. J. Borden Harriman, Frederic A. Delano, Harris Weinstock, S. Thruston Ballard, John B. Lennon, and James O'Connell.

Present also for the commission: Mr. W. O. Thompson, counsel; Mr. W. Jett Lauck, managing expert; Mr. George E. Barnett, special investigator; Mr. E. M. Manly, superintendent Division of Industrial Investigation; and Mr. F. H. Bird, superintendent Division of Public Agencies.

The ACTING CHAIRMAN. The commission will come to order. Mr. Thompson, will you call your first witness on the clothing question?

Mr. THOMPSON. I will first put on, Mr. Chairman, witnesses with reference to the Chicago proposition. In order to facilitate the taking of the evidence in regard to the firm of Hart, Schaffner & Marx, and their trade agreement, I have prepared a list of questions in regard to that matter, and those questions have been furnished to Mr. Schaffner, and he will answer those questions specifically in order to come right to the point.

Mr. Schaffner, will you please take the stand?

TESTIMONY OF MR. JOSEPH SCHAFFNER.

Mr. THOMPSON. For the purposes of the record, will you please state your name, residence, and business?

Mr. SCHAFFNER. My name is Joseph Schaffner; residence, Chicago. I am secretary and treasurer of Hart, Schaffner & Marx, a corporation in the clothing business.

Mr. THOMPSON. What is the nature of the business of Hart, Schaffner & Marx?

Mr. SCHAFFNER. We employ about 6,000 people in our manufacturing department, most of them of foreign birth, and 65 per cent female. A great many of them are recently arrived immigrants of all nationalities. The most numerous are Jews, next Poles and Bohemians, the next Italians.

All the work is done in our own shops; no contracting for a number of years. The work is minutely subdivided into sections, there being about 150 sections of work on a suit of clothes. Accordingly, the task of each workman is very small. Each person's work on a garment ranges from 1 to 45 minutes.

Mr. THOMPSON. What were the conditions prevailing in your shops prior to 1911?

Mr. SCHAFFNER. There was very little organization among the employees, except the cutters. We had had an unfortunate experience with the cutters' union, due to what we thought was their arbitrary and unreasonable restrictions several years before.

The description of the situation in the copper industries prior to the strike, by Mr. Luke Grant, an agent of this commission, an advance draft of which happens to have come to my attention, fits our condition at that time so well that I suspect it is rather a common situation. I will quote from that statement:

"Careful study of the situation has led me to the belief that the fundamental cause of the strike is that the workers had no satisfactory channel through which minor grievances, exactions, and petty tyrannies of underbosses, etc., could be taken up and amicably adjusted. Taken separately, these grievances appear to have been of a minor character. They were, however, allowed to accumulate—to go on from month to month and from year to year—without any intelligent and sympathetic action on the part of the mine owners and superintendents to see that these little wrongs were righted. The result was that there steadily grew up in the minds of many a feeling of distrust and enmity toward their immediate superiors in position, because they felt that justice was being denied them. If they had had the temerity to complain against a shift boss, they incurred his displeasure, and his word was taken in preference to theirs. In some instances they lost their jobs, and where this was not the case they seldom received any satisfaction."

Shortly before the strike I was so badly informed of the conditions that I called the attention of a friend to the satisfactory state of the employees. It was only a few days before the great strike of the garment workers broke out. When I found out later of the conditions that had prevailed, I concluded that the strike should have occurred much sooner.

Mr. THOMPSON. What effect had the strike upon the labor policy of Hart, Schaffner & Marx?

Mr. SCHAFFNER. During the first two weeks of January, before the first agreement to arbitrate was signed, we had approved a plan for future handling of labor matters which anticipated a great deal of what has actually developed. I have a copy of a report dated December 24, 1910, from which I will quote as follows:

"This idea (to guarantee to employees a hearing for all grievances and justice for their complaints) suggests something in the form of a court, consisting of the representatives of the workmen and of the firm. They should

sit at regular times to hear all complaints and redress grievances. In case they should not be able to agree, an outside third man or a board of arbitration should act as a sort of court of appeals, whose decision should be binding on all parties. To reassure any who might fear to jeopardize his position by appearing as complainant, a complaint or suggestion box might be provided.

"Unless there were some vital objections, it might be wise to make no opposition to any voluntary efforts of employees to organize or join unions, and then by every possible means to render such organization unnecessary.

"It (the plan suggested above) might make shop discipline easier and lead to improved and more economical methods, because of the increased good will of the employees."

These ideas were put into practical effect within a month of the close of the strike and before the arbitrators had met. We created a grievance department, with instructions to work out a detailed plan along these general lines.

Mr. THOMPSON. What were the developments of the past three years in adjusting the relations between the company and its employees?

Mr. SCHAFFNER. I have placed in the hands of the members of the commission a booklet describing in full the development of our relations with our employees from the close of the strike up to the present time.

Prof. Howard, who is here, is thoroughly acquainted with all the details of this development, having been our representative for three years in dealing with our employees.

Mr. THOMPSON. What are the most important factors in producing the results?

Mr. SCHAFFNER. A summary of the essentials of the system which has produced such gratifying results in our institution would include a labor department responsible for industrial peace and good will of the employees, thereby of necessity fully informed as to their sentiments, their organizations, and really representing their interests in the councils of the company; a means for the prompt and final settlement of all disputes; a conviction in the minds of the employees that the employer is fair and that all their interests are safeguarded; consequent instruction of the leaders and people in the principles of business equity, thus gradually evolving a code accepted by all parties in interest, serviceable as a basis for adjustment of all difficulties; the development of efficient representation of the employees; honest, painstaking, dignified, reasonable, eager to cooperate in maintaining peace, influential with their people, and truly representative of their real interests; a friendly policy toward the union so long as it is conducted in harmony with the ethical principles employed in the business and an uncompromising opposition to all attempts to coerce or impose upon the rights of any group or to gain an unfair advantage; and a management that guarantees every man full compensation for his efficiency and prevents any one receiving anything he has not earned.

Briefly expressed, it is simply the natural and healthy relation which usually exists between the small employer and his half dozen workmen artificially restored as far as possible in a large-scale business where the real employer is a considerable group of executives, managing thousands of workers according to certain established principles and policies.

I am personally much concerned that it become very clear to everybody that the successful result of these developments has depended much less upon the formal and external features than upon the spirit with which it has been worked out. I am not able to say how far the success is dependent upon the men who have been instrumental in developing it.

I wish to speak in the very highest terms of the arbitrators and the chairman of our trade board, and also of Mr. Hillman, who developed wonderful influence over all people who came in contact with him on account of his high ideals, his patience under trying circumstances, and his indomitable faith in the ultimate success of right methods.

Mr. THOMPSON. Mr. Schaffner, has the preferential shop been satisfactory?

Mr. SCHAFFNER. So long as the unions are working toward the ideal we aim at; that is to say, justice toward every interest connected with the institution and the highest economic efficiency, which is the same as saying performing duty toward everybody, inside and outside of the institution, employees, stockholders, customers, and the general public, we wish to see them strong. We are willing that our board of arbitration should decide just what justice is and are willing to accept their interpretation.

Because there is no guaranty that those who control the unions (which are often not representative of the members) will hold to this ideal we do not

care to be committed to the "closed shop." If such a change should come, we would be required to restrict the power of the unions as far as we could.

The preferential shop, as we understood the agreement when we signed it, would not compel us to do injustice to any nonunion employee, nor to impair the efficiency of the shops. We believe that Mr. Williams has shown rare wisdom and has usually accomplished justice in administering this agreement. The tailor shops were 80 per cent organized. The weakest point is the trouser shops, where the people were for a long time misrepresented, and hence largely hostile to the union. The shops are nearly 40 per cent nonunion.

Inasmuch as the unions have thus far shown their acceptance of the idea of fair and reasonable dealing, as laid down by the board, we regard the agreement as having been highly successful.

MR. THOMPSON. What is your opinion of collective bargaining?

MR. SCHAFFNER. I believe that the officers of a corporation are trustees of the interests of all connected with the institution. Decisions affecting the interests of any group should not be made until such interests have the opportunity to present their case. Where there is any doubt as to the fairness of any decision or policy, there should be a disinterested tribunal to review the decision.

In my opinion the chief cause of hostility and bad feeling between the employer and employee is the usual lack of any means for determining what is right or what is wrong—that is, the lack of a common code or disinterested authority whose judgment is respected by both sides. Disputes once settled, even if one side loses, are seldom the cause of trouble. It is the unsettled disputes that are dangerous.

MR. THOMPSON. I should like to ask you a further question. In the trade board which exists under the contract between yourself and the unions, and also the board of arbitration, which exists under the contract, is there an independent umpire or third man, so called?

MR. SCHAFFNER. Yes; there is.

MR. THOMPSON. How has that worked out in practice?

MR. SCHAFFNER. It has worked out very well indeed. I was just saying a little while ago that the third man of the arbitrators has worked it into a conciliation policy more than it is an arbitration policy, and that has been the form of it, so much so, that since last August I do not think the arbitrators have had any meeting at all. You ought to know, Mr. Thompson.

MR. THOMPSON. Yes; I know. If the commission please, that is all.

COMMISSIONER COMMONS. Any other questions? If the commissioners have any further questions, Mr. Schaffner, they will be submitted to you in writing.

MR. SCHAFFNER. Thank you.

COMMISSIONER COMMONS. So that we will proceed with the next witness.

TESTIMONY OF MR. SIDNEY HILLMAN.

MR. THOMPSON. Will you give your name, your present occupation, and your business relationship with the firm of Hart, Schaffner & Marx and the employees of Hart, Schaffner & Marx?

MR. HILLMAN. Chief president of the Cloak and Skirt Makers Union in the city of New York. I have been connected with Hart, Schaffner & Marx and the employees of Hart, Schaffner & Marx, representing them, since 1910.

MR. THOMPSON. In what position do you represent the employees of Hart, Schaffner & Marx?

MR. HILLMAN. Practically in every position there was; first as business agent, and then as chief deputy.

MR. THOMPSON. In other words you are the main or chief representative of the employees there?

MR. HILLMAN. That is what they call me.

MR. THOMPSON. At Chicago did you work in the clothing shops of Hart, Schaffner & Marx prior to the strike of 1910-11?

MR. HILLMAN. I believe I worked about two years in Hart, Schaffner & Marx prior to 1910.

MR. THOMPSON. Then you are acquainted with the conditions that existed in the shops prior to that strike?

MR. HILLMAN. Yes.

MR. THOMPSON. When did that strike occur, what was the cause of that strike, and how was it settled? Briefly, if you please.

Mr. HILLMAN. Well, if I may, I would like to give a little of my experience as well, working not for Hart, Schaffner & Marx, in what we call the closed shop and the nonunion shop. I believe the conditions are about the same. I worked for Hart, Schaffner & Marx before the strike and before the settlement of the strike. I also worked for Sears-Roebuck prior to that. I remember working at Sears-Roebuck's shop. We had been working about 8,000 people without a strike, and there were printers working, and it always came to us, comparing conditions, where we were working for the same firm in the same block, and the printers, I believe, worked seven or eight hours a day—I guess eight hours a day, I don't remember—all of them big, healthy, strong men. In our place we were working about 7,000 girls, one place, our place, 10 hours a day, and before the 10-hour law was passed they used to work three nights a week, getting for remuneration a supper that was paid for by the company in their own restaurant. I believe the girls used to work much harder than the men there.

I especially recall the feeling of fear besides the wages. I believe I started in with \$7 a week, and during three years I worked up to \$11 or \$12, but what I consider more important is this, that is the constant fear of the employee of being discharged without cause at all. There really was no cause at all, sometimes. The floor boss, as we called him, did not like a particular girl or a man, and out they went. I remember especially the panic of 1907, when the employees were in constant fear of "Who will be thrown out?"

I remember we tried, all of us, to get into the good graces of the floor boss. When I worked for Hart, Schaffner & Marx I worked, first, two months, and it was understood that I had savings enough to live if I did not get any other remuneration. I believe for about a couple of months I worked for \$6 or \$7 a week. The conditions prevailing were about practically the same, the man directly in charge was the boss and everything else. I remember when I made the first complaint I packed up my tools and I went out.

So these are really the reasons, the main reasons, that led to the strike, the absolute power not only of the foreman—as a matter of fact, in most instances, the working people do not know who is the head of the firm, only the people who are directly just above them—and the lowering of wages. I really don't believe there is any limit at all to the falling down of the wages in a nonunion shop. The strike occurred—

Commissioner WEINSTOCK. You are speaking now of Hart, Schaffner & Marx? Mr. HILLMAN. Yes; Hart, Schaffner & Marx. The strike occurred—I believe it started some time in October, when five girls walked out—I remember we made fun of it—five girls working against Hart, Schaffner & Marx—but somehow the girls managed to take out the men after a while. There really were no definite demands; the demands were that conditions must be changed; nobody knew really exactly what they wanted; they wanted something better, of course, or different; and the strike kept on about 18 weeks, and it involved the whole city of Chicago, practically over 50,000 men and women; and after numerous conferences, I want to say, from the start, our people thought that the closed shop is the remedy for everything; and I daresay 99 people out of 100 never knew what a closed shop meant.

This was practically the first demand; they did not ask for increased wages or anything, but they asked for the closed shop. After 18 weeks of strike we settled an agreement submitting everything to arbitration, not any particular demands; and the board of arbitration settled all the grievances that there were at that time and also established some method for settling grievances in the future. This was the first agreement agreed to by the firm of Hart, Schaffner & Marx.

Mr. THOMPSON. Mr. Hillman, will you state to the commission how that agreement expanded and grew?

Mr. HILLMAN. I have here the first agreement. Practically all the first agreement states is this:

"All of the former employees of Hart, Schaffner & Marx who are now on strike shall be taken back and shall return to work within 10 days from the date hereof."

The other is with reference to the arbitration committee and reads as follows: "An arbitration committee consisting of three members shall be appointed. Within three days from the date hereof the employees of Hart, Schaffner & Marx who are not on strike shall select one member thereof; Hart, Schaffner & Marx shall select one member thereof within three days thereafter; the two

members thus selected shall immediately proceed to select the third member of such committee."

Practically in the first agreement the organization was not recognized. Hart, Schaffner & Marx signed the agreement with their employees, not through the organization. The employees signed by Rickert, Harris, Robins, Fitzpatrick, and then the firm of Hart, Schaffner & Marx signed. At that time a board of arbitration was appointed. We appointed Mr. Darrow to represent us, and the firm appointed Mr. Carl Meyer to represent them. I believe there was discussion about getting a third man, that discussion lasting about 10 weeks or so; but neither side could suggest nor agree to a man.

After discussion, we agreed that the two men should try to adjust all these matters.

On March 13 the decisions of the board of arbitration on questions between Hart, Schaffner & Marx and their employees were issued. There were some rules issued, which we call the original agreement, by which we are governed. Those rules have given a 10 per cent increase to the tailors and a 5 per cent increase to the cutters.

The most essential part in the agreement, in my judgment, is the last paragraph, reading as follows:

"As to any future grievances the firm of Hart, Schaffner & Marx shall establish some method of handling such grievances through some person or persons in its employ, and any employee, either by himself or by an individual fellow worker, shall have the right to present any grievance at any reasonable time, and such grievance shall be promptly considered by the person or persons appointed by said firm, and in case such grievance shall not be adjusted, the person feeling himself so aggrieved shall have the right to apply to some member of said firm for the adjustment of such grievance, and in case the same shall not then be adjusted, such grievance may be presented to Clarence Darrow and Carl Meyer, who shall be constituted as a permanent board of arbitration to settle any questions that may arise between any of the employees of said firm and said firm for the term of two years from April 1, 1911, during which time these findings shall be in full force."

I consider this the most important part of the agreement, because it provided a method for adjustment, not only of any particular grievances, but of all grievances that may arise hereafter.

In the development of the situation, we found soon enough there were as many grievances in the shop as there were employees. We found grievances had been constantly arising, and especially as this agreement was an open-shop agreement and most of the foremen had started a discrimination, what is usually known as a discrimination in open shops. I remember one shop had about 30 discharges in one week.

According to this agreement, all the people feeling themselves aggrieved or discriminated against had the right to bring up their grievances. When we tried to bring up our grievances there were so many of them that Mr. W. O. Thompson, who was after a while the arbitrator for the employees, and Mr. Meyer, stopped practicing law and went to adjusting our complaints. I remember the board of arbitration used to meet practically every day for a while. What it did lead to is to think of some method whereby the complaints should be adjusted. It is certainly impractical that the arbitrators should go into each small detail.

After a year and a half I believe a trade board, as we called it, was created. The trade board was composed of five men representing employees directly working in the shops, and five foremen. The impartial chairman, or the umpire, as he is called, was Mr. Howard. Then we also created the deputies, who have been deputized by the trade board nominally. As a matter of fact, they are representatives of the employees and the firm, and any grievances that come up are first investigated by the deputies, who try to adjust them, and if they can not adjust them, they bring them up to the trade board.

Commissioner WEINSTOCK. You say the particular trade board consisted of five foremen and five workers?

Mr. HILLMAN. Yes.

Commissioner WEINSTOCK. The foremen represented the house?

Mr. HILLMAN. The foremen represented the house and the workers represented the employees.

This trade board was created so that it was really a new method of adjusting complaints—that is, the new method suggested to us by that plan—and that is an adjustment by the workers themselves. It introduces really what I call

the new principle in our organization, that if the workers are to be disciplined for any violation, they themselves partly should be the judges, agreeing themselves to a certain agreement.

We also found in our place—as Mr. Schaffner explained, there are probably 150 or 160 divisions of labor, and there was constant trouble, it all being piecework.

There was complaint and constant misunderstanding as to the amount of work to be done for the agreed price. In some instances it was 10 cents a hundred garments, so that any additional work affected in a great degree the earnings of the people. We have also agreed that no changes in the work can be made unless agreed to by a price committee, one representing the organization or the employees, and one representing the firm, and any specification, as we call it, for work must be signed by the two representatives before it can go into the factory.

Commissioner WEINSTOCK. If they disagree, then what?

Mr. HILLMAN. If they disagree, it goes to the trade board; but I wish to say they have never disagreed, practically. This is in a matter where I have taken up the work for only about six months, and there were 350 new prices made, all those prices affecting in the earnings paid out as the result of those prices, perhaps millions of dollars. I do not know. To our people it means practically settling their scale of wages. It also was shown that if the firm wanted to put in some work, and the people felt aggrieved, they would complain.

Commissioner WEINSTOCK. Is the work all done by piecework?

Mr. HILLMAN. I would say in the tailor shops I suppose about 98 per cent is done by piecework; maybe 95; I do not know exactly. The new method is that no new work can be put in except in this way. It is not a rule where the people, if they feel aggrieved, can not complain, but nothing can be put into the shop until the workers agree, or until their representatives agree.

I would like to say on this point that there is a certain notion or feeling that may be justified by the experience of most people, that wherever there is arbitration there is no conciliation. I want to say that my experience is just the contrary. As long as we had only two men on the board, as long as we had only one man representing each side, while nominally they were arbitrators, I want to say that as far as fairness is concerned I do not believe any arbitration board was ever created that had more fair men. Mr. Carl Meyer, representing the company, is about one of the fairest men I ever met. Still, that feeling in the minds of the people, and I suppose also in the minds of the company, that whatever was decided was a concession to the other side, simply not to get into trouble, or that we might have gained the case if there would have been an impartial man, made a feeling that directly we had more cases for the arbitration board since we have the impartial chairman. We find it, in the way it works out, that conciliation, in my judgment, is mostly applicable where there is a power of arbitration somewhere. I know that two sides come together, and they know if they do not agree someone will have the power to enforce a ruling. In my judgment and in my experience, there is more opportunity for them to agree.

Commissioner WEINSTOCK. You mean the arbitration acts as sort of a big stick?

Mr. HILLMAN. Just exactly. I know before I left Chicago I do not believe we had a trade board meeting for over six months and not an arbitration board meeting. The trade board and arbitration board is really a possibility for machinery where they can take up, not only the grievances of the workers, that as a rule are presented in the time of strike, but where they can take up everyday complaints in the shop, which, in my judgment, where people work in such shops, are apt to arise to a certain extent. The only way to abolish those complaints is not to go to the board and complain. In a way, if 6,000 or 8,000 people are working together, there is a certain community of interest, but certain conflicts will arise, and what I call the trade corps, consisting of good people, not only hear the merits of the matter, but as the cases arise they lay down some precedent and establish some precedent, which creates an atmosphere where the people feel they are not merely workers in the shop.

Going further, they found that even the trade board was not sufficient to meet all the demands. While it is not in the agreement, we have put what we call the commission form of government in effect. Instead of having a body of ten sitting and arguing cases, we have given that right to deputies from both sides, together with the chairman of the board of arbitration, who go out on cases and investigate them for themselves and then render certain decisions. It is more efficient. It does not take much time.

Commissioner WEINSTOCK. Do you mean that the trade board acts as a sort of appeal court?

Mr. HILLMAN. No. The trade board is supposed to be a court of first instance, and then an appeal may lie to the board of arbitration; but we have established in practice—it is not a part of the agreement yet—that if there are a certain number of cases, instead of having the cases come up and the people come there and argue their cases, the chief deputies, together with the chairman of the arbitration board, will go right to the place in the shop, look over the grievance and render a decision.

Commissioner WEINSTOCK. You mean Mahomet goes to the mountain instead of waiting for the mountain the come to Mahomet?

Mr. HILLMAN. Yes. We believe that a court of arbitration, which necessarily results in delay, is absolutely objectionable, to workers at least. You can not wait for a certain decision to be handed down in three months, when the complaint has perhaps adjusted itself; and if the arbitration is to be effective it must be a speedy arbitration, and we find this to work more satisfactorily even than the one before. That is as far as the agreement has worked out right there.

The CHAIRMAN. Mr. Thompson, have you any further questions?

Mr. THOMPSON. What effect have these trade agreements, in your opinion, had on the position of the employees, briefly stated, with reference to earnings, working conditions, and treatment in the shop?

Mr. HILLMAN. With reference to earnings I have not got all the figures before me, but I know in certain branches, especially in the cutting department, where I was employed before the strike, I believe there was an increase of 50 per cent all through, taking the whole department. I believe it will be nearly that. As far as the workers are concerned, the tailor shop being piecework, it is different in certain things, because, as a matter of fact, the prices are being readjusted practically every other week. In some instances they get more and in some instances less.

Commissioner WEINSTOCK. I want to get one point a little more clearly in my mind. Let me make sure if I understand you. This subcommittee, consisting of two members of the arbitration board and two from each side, do they go in advance, before the matter comes up before the trade board, or after?

Mr. HILLMAN. Before. As far as the conditions are concerned, I believe there is such a change that really it can not be explained. The people really feel themselves a little more like men and women. Before that there was not a feeling like that in any shop, and there is not in any nonunion shop, contrary to any statements that may be made by people who defend the open shop. I do not believe it is possible to have the full feeling of manhood.

Commissioner WEINSTOCK. We were led to believe from what Mr. Schaffner said that you had not a closed shop, that you had a preferential shop.

Mr. HILLMAN. Well, I do not know what you call a closed shop. We have no closed shop. It is a preferential shop. I mean a place where the people have their rights protected in any forum. The forum does not make so much difference. We have a preferential union shop. It is working out satisfactorily.

Mr. THOMPSON. What do you believe has been the effect of the introduction of the committee on immediate action in New York, if you are able to state at this time?

Mr. HILLMAN. It is perhaps a little too early to make any statement, but I do believe—

Mr. THOMPSON. Do you believe it has been the correct thing to do or not?

Mr. HILLMAN. If this is not correct we are sure that the experience of the past was assuredly not correct. I do not know if this will be the remedy. My conviction is that it will, but there is no question, in my opinion, that the protocol could not last without the introduction of an umpire. I do not believe it could last.

Mr. THOMPSON. Tell me how many new prices are made in Hart, Schaffner & Marx factories every week or month, and how many men are needed on the price board?

Mr. HILLMAN. Prof. Howard can perhaps give you figures, but I believe during the season about 500 prices are made, at least, I mean if there are many changes. As a rule the adjusting of prices was done by one man from each side, and these men do not give all of their time to that particular work.

Mr. THOMPSON. You know the arrangement committee which was drawn up. When they do not agree, has not Mr. Williams been called on to bring them together?

Mr. HILLMAN. It was supposed to go to the trade board. It may be there were perhaps four or five cases where there was a deadlock on it, but the minute we came to the trade board we agreed right there without getting their decision.

Mr. THOMPSON. Do you know about how many piece prices are settled in New York, or do you not know?

Mr. HILLMAN. Any agreement made is practically nearly a settlement. The price committees are called every week, once a week, to settle prices.

Mr. THOMPSON. You are not familiar with the number that are settled in New York?

Mr. HILLMAN. I do not believe anybody could state correctly.

Mr. THOMPSON. That is all.

The CHAIRMAN. Any other questions that the commission has will be forwarded to you.

TESTIMONY OF MR. EARL DEAN HOWARD.

Mr. THOMPSON. Prof. Howard, will you state your profession, residence, and connection with the firm of Hart, Schaffner & Marx?

Mr. HOWARD. By trade I am a teacher in the Northwestern University, but for the last three years I have given part of my time to the firm of Hart, Schaffner & Marx as manager of their labor department. I live in Evanston, Ill.

Mr. THOMPSON. Prof. Howard, I understand you have prepared certain information in regard to the working out of the trade agreement at Hart, Schaffner & Marx's. I will ask you if you have that in shape to present to the commission in written form, in order that we may save the time of going into it. I will direct your attention to the question of collective bargaining, conciliation, and arbitration as it works out there, and your opinion in regard thereto. First I will ask you, from your experience do you believe that collective bargaining is the proper way of dealing between a firm and its employees, and why?

Mr. HOWARD. I undoubtedly believe it is. I believe it is the only possible foundation for an experiment such as we have had. That does not necessarily mean, however, that the employees must be represented by a national union or any kind of a union. We have been particularly fortunate in having our own employees in a rather autonomous organization, very little influenced by outside organizations. I think that has been quite a factor in progressing in the experiment, because they were rather free to adopt policies and to harmonize their policies with those of the board of arbitration. But it is necessary in any experiment of this kind where the employees must be represented, or at least their opinions must be known and given expression to, that they have their representatives and they be able to choose in some way, so that they will be properly representative. That implies, I think, some organization, and, of course, the dealing with employees directly in any form whatsoever implies collective bargaining, especially with reference to wages.

Mr. THOMPSON. You believe that either associated with the international union, or just simply as a shop itself, that dealing with the company and people in a collective way leads to peace and to less friction than dealing individually?

Mr. HOWARD. That has been our experience, undoubtedly. Just for instance, when I first came after the strike was over—the big strike of three years ago—there were little strikes, shop strikes, and section strikes, involving from a dozen to 200 men; they were almost a daily occurrence. That was one of our problems. I am led to the belief—information has come to me that it is almost a universal condition of the trade. No one ever dreamed that you could manufacture clothing or any garments without having that condition; and that was extremely wasteful and was detrimental to any kind of efficiency, detrimental to the people themselves; and that was one of the first things we did, to eliminate that if we possibly could, and it took nearly two years to do it. I do not think there has been a shop strike or a section strike of any kind for a year in our shops, except possibly that there have been little misunderstandings of half an hour, but not to exceed that, and just as soon as they understood it they immediately returned to work.

Mr. THOMPSON. In your opinion, Prof. Howard, have these shop strikes been eliminated by the fact of the trade agreement?

•Mr. HOWARD. Absolutely. I think it would have been quite impossible, if we did not have the rest of the machinery described in this experiment.

Mr. THOMPSON. What, in your opinion, is the benefit and has been the benefit to the employees coming from this trade agreement? Has it helped them in adjusting their wages and bettering their condition and maintaining their manhood, you might say, in the shops?

Mr. HOWARD. Of course, Mr. Hillman is very much more competent to speak on that subject than myself, although I have come in contact with these employees. I have charge of the so-called welfare department—welfare work—which has to do with rendering assistance to employees who have misfortunes, and my assistants go to their homes very frequently in case of sickness, and they observe them and make a report; and my observation is that the people feel very much more contented and that any grievances they may have will be taken up and any difficulties of any kind will be heard by some one, and they will be given good advice and perhaps material assistance, and they feel that they are members of the body itself and entitled to justice and that they will get justice, and I presume that the feeling which Mr. Hillman describes, that they are really better citizens and that they are better men and women and have a fuller life and means of expression is becoming general, and that they will have an opportunity to express themselves and their opinions and have themselves heard and considered by people whom they respect and have confidence in; I consider that to be a very great factor.

Mr. THOMPSON. Do you feel that the employees can deal as satisfactorily with the firm, individually, with reference to wages and working hours and working conditions as they can collectively?

Mr. HOWARD. I have never had any experience with the individual bargaining. I came simultaneously with, or at the close of the strike, when we began the system of collective bargaining, and, of course, my department immediately established a form of collective bargaining.

Mr. THOMPSON. The cessation of work that occurred, Prof. Howard, in the first year or so of the agreement was, as a matter of fact, a technical violation of the agreement, was it not?

Mr. HOWARD. What cessation do you refer to?

Mr. THOMPSON. In these shop strikes that you referred to, that occurred?

Mr. HOWARD. You mean the fact of stoppage?

Mr. THOMPSON. Yes.

Mr. HOWARD. Certainly, it was a violation of the agreement, technical violation. Of course, I used to go about in the shops whenever there was a strike and make a speech to them and describe the agreement. They were, of course, very ignorant of the meaning. Mr. Hillman used to do so, too, and we really had to instruct all the people that this meant a new way of adjusting grievances. The old way was the only way they knew. For instance, if it was a busy season and the foreman had to get out the stuff, he would give way; but if it wasn't so busy, he would not, and he knew that he could get them back, and he knew that they would take advantage of it if he had to get out the stuff.

Well, we introduced the new system, and it was a process of education; it took a couple of years, but they finally came to understand that it was a violation of the agreement, and they began to respect the agreement, and, of course, a better state of things immediately began, and a better set of conditions, and soon the better element prevailed, and now we think they all understand it and know perfectly well that it is a violation.

Mr. THOMPSON. How many different nationalities have you under your observation?

Mr. HOWARD. I don't know, really. As Mr. Schaffner said, the largest single nationality is the Russian Jew, then the Poles and Bohemians, and the next are Italians. Then we have a few Scandinavians and Slavish people, and even a Greek, and a Persian came in the other day looking for occupation. We have no Chinamen, or anything of that kind.

Mr. THOMPSON. There has been something said while you have been here attending the sessions regarding the question of conciliation and arbitration. From your experience with the firm of Hart, Schaffner & Marx, what have you to say on that subject?

Mr. HOWARD. This is the way I have always looked at this matter, and perhaps it will throw light on this question: In any kind of society, government must be established. A large concern and its employees is really a little so-

ciety, and the interests of both are so bound up in that industry, that business, such a large percentage of all their interests, that it is really a small society, and it must have a government.

Now, every government, as we have found, must have a constitution, and it not only must have a constitution, but it must have legislation, to deal with new conditions, and it must have courts to interpret the constitution and the statutes.

Furthermore, as we are all familiar with the growth of our common law, legislation is very clumsy and inadequate, and there must be some method by which there can be an organic growth of law, such as our common law. This grows up through precedent established by various bodies and by people who have an opportunity to lay down policies. These precedents become law. At first, when you have a condition of no government, or despotism, and you are trying to change over to a republican form of government, which this is, you must have all these things worked out, you must have the constitution worked out, and you must have the fundamental law laid down, and you must have interpretations of it and legislation. This little booklet shows that development very clearly. We regard this agreement as our constitution. And then we have to have decisions. At first everything came up with us, all sorts of questions. Mr. Hillman and I would try to settle them ourselves. Of course, we could not, in a good many cases, and we by mutual agreement would say, "Let us have this thing settled; let us have this precedent established; let us have laws and legislation," and we would refer it to a board of arbitration, and the board of arbitration gradually guided us, and has gradually enacted what expresses to a large number the ideas of the principles of justice in this industry, and since we have had this we have been able to settle practically all grievances.

Mr. Hillman realizes this as well as I do. And we take a great deal of satisfaction in the fact that we worked it out together and seeing how much efficiency we had established, and, although there were differences, we would follow them, no matter where they led, and seeing that our decisions were carried out, so that it gradually came about that we accumulated a great deal of law; and that is the explanation now why we do not have to go to the board of arbitration except rarely, and we have been to the trade board very rarely. It never sits now, I think, on any question where there is a principle at stake that has been once decided, and I foresee the time when the sittings of these boards will be a very rare occurrence, indeed.

Mr. THOMPSON. What do you think of the utility of the umpire as part of the machinery?

Mr. HOWARD. In our government of this country there must be some authority to settle questions at issue. Of course, one of our great questions had to be settled by a civil war. I do not think we would like to settle all of our questions in this country by a civil war, but in the courts, although there is a great deal of criticism of their decisions, they have an analogy to the laws in our industry.

Mr. THOMPSON. Then, you think a third man is necessary?

Mr. HOWARD. At first; and he ought gradually to work himself out of a job, as you have done, Mr. Thompson.

Mr. COHEN. And into another.

Mr. BARNETT. You stated at the beginning of your testimony that the organization of the employees in Hart, Schaffner & Marx was autonomous—these employees organized in local unions of the United Garment Workers.

Mr. HOWARD. Yes.

Mr. BARNETT. Are these local unions practically composed exclusively of employees of Hart, Schaffner & Marx, or are there other employees of other firms included in their membership?

Mr. HOWARD. Not exclusively. Simply because there is not enough people employed by other firms to organize a local they take them in, but they have very little, because there is a little problem now developing on that account; but the principle to decide, after all, is so small that it does not make much difference, and I think that it will gradually work out that the unions will consist only of Hart, Schaffner & Marx employees. I hope to see it that way. Of course, I can not determine their policy.

Mr. BARNETT. How many kinds of garment workers?

Mr. HOWARD. We deal with these local unions, but they are really working down to a smaller number. You see there are three divisions of the work—the trousers, vest, and coat makers have a local and the pants makers have a

local; they are gradually merging into the cloak makers; they have a very close identity with their interests and are somewhat in cooperation with the vest makers' local.

Mr. BARNETT. What we want to get at is about other pants makers in the city of Chicago. Are they organized in a local—local unions—or are the employees of Hart, Schaffner & Marx the only union garment workers in Chicago?

Mr. HOWARD. I think that is almost true; but Mr. Hillman could tell you much better than I could about that.

Mr. BARNETT. Is there only one union of pants makers in Chicago, composed of about four-fifths of them?

Mr. HOWARD. I would not say that. Mr. Hillman—you had better ask him that question.

Mr. HILLMAN. They have one local union outside of Hart, Schaffner & Marx pants makers.

Commissioner COMMONS. Prof. Howard, if you have any statistical information that you think would assist us, we would be very glad to have it.

Commissioner LENNON. Did we not understand that he had a brief already prepared that was to be submitted to the commission?

Mr. THOMPSON. No; I understand he collected data and information about the working out of this proposition. I thought we would go into that, but on account of the need for speed I thought we would eliminate those questions.

Mr. Schaffner, would you mind taking the stand again? I would like to ask you a few questions.

TESTIMONY OF MR. JOSEPH SCHAFFNER—Recalled.

Mr. THOMPSON. To what extent was the willingness of the firm of Hart, Schaffner & Marx employees to accept this membership agreement, due to the fact that any concession by an employer was an improvement over the previous condition?

Mr. SCHAFFNER. I do not know as I exactly understand that.

Mr. THOMPSON. Well, was the getting of the original agreement from the firm, which, of course, was made solely with the employees of the firm, and providing for no closed shop—was that an improvement over the condition prior to the strike?

Mr. SCHAFFNER. Anything was an improvement over that.

Mr. THOMPSON. Has the firm of Hart, Schaffner & Marx had uniformly satisfactory experience with the labor unions?

Mr. SCHAFFNER. Well, I said in my statement that we had had very unfortunate experiences with the cutters' union, to the extent that they tried to restrict the output and hamper us in almost every other way.

Mr. THOMPSON. Have those restrictions been removed? Is the firm working now with the cutters?

Mr. SCHAFFNER. There seems to be perfect harmony, so far as I can see. I do not come into immediate contact with them, but we are working along with them all right.

Mr. THOMPSON. Does the cutters' question come into this?

Mr. SCHAFFNER. It is all the same thing.

Mr. THOMPSON. Anything first has to be passed by the trade board, or the board of arbitration?

Mr. SCHAFFNER. I think these demands are very few now, and we do not have very much arbitration, and very little conciliation.

Mr. THOMPSON. What protection can an employer reasonably ask against unreasonable demands of a labor union?

Mr. SCHAFFNER. I really do not know. That is a puzzle; I do not know what he can ask. If he has an arbitration arrangement, he can ask from them, as he can from any of his other employees, because they are all bound by the same conditions, I should say—the same laws.

Mr. THOMPSON. But in the absence of the board of arbitration, or of any agreement, it is simply a test of strength?

Mr. SCHAFFNER. Of course, it is a test of strength; it generally leads to strife and strikes, and hostility of all kinds.

Mr. THOMPSON. Granting, or assuming for the sake of argument, that some employers are unreasonable, and exhibit greed, and so forth, is the same true in respect to some of the unions?

Mr. SCHAFFNER. Well, I might say that I am not so well posted about unions that I can answer that. I really do not know much about them. I can not

criticize them, because our relations with them, or dealings with them, have been confined to just these instances that I have criticized. I should say that generally they make an effort to be reconciled to their employees, whether they belong to a union or do not belong to a union.

Mr. THOMPSON. If you had the opportunity, Mr. Schaffner, would you go back to the old way of dealing with employees?

Mr. SCHAFFNER. No; not in a thousand years. If we did not have an agreement with an organization such as we now have, I would certainly insist upon having our employees represented so that they would have an organization among themselves that would dispense the same kind of justice as we have now dispensed by the arbitration board and the trade board. I think the conditions such as we had before, while we got along for many years, and got along very well—in fact, just a few days before the strike one of my friends came in and congratulated me on the fine business that we had and the achievement we had made, and I told him I was very proud of it, but I was prouder still of the happy and contented condition of our employees. That was just two days before the strike. I thought they were just as happy as they are now. I did not know any different.

Mr. THOMPSON. You now know that they have an outlet?

Mr. SCHAFFNER. I know now they have a chance to maintain their self-respect. Commissioner WEINSTOCK. The present system is sort of a safety valve?

Mr. SCHAFFNER. Yes.

Mr. THOMPSON. Is it reasonable or desirable that there should be some responsibility or publicity of methods on the part of the union similar in some respects to the duties, obligations, and responsibilities of employers?

Mr. SCHAFFNER. I think the union should make the same effort to meet the emergencies that the employer makes. I do not know whether I am answering you as you desire.

Mr. THOMPSON. What is wanted, Mr. Schaffner, is this: Do you believe there should be some responsibility fixed upon the union by the general publicity methods such as now are fixed on corporations with reference to their actions, in order to control their actions and not have them go to extremes?

Mr. SCHAFFNER. I have not really thought that out. I could not answer that.

Mr. THOMPSON. That is all, Mr. Schaffner; thank you very much.

Mr. Chairman, I desire to say this to the commission, in regard to the New York situation, which I am about to take up, that there has been prepared by the Bureau of Labor a bulletin of the cloak protocol; also I understand there is on the press of the Bureau of Labor now a further bulletin with reference to the clothing situation in New York. The tabulated forms of matter that has been prepared by the Bureau of Labor I have here, one relating to men's clothing industry and the other to ladies' garments. In addition to that, this commission has taken about 500 pages of testimony in New York City relating to the garment industries, and it is our intention at the present time to give a further hearing to that industry in New York City. Therefore, in calling further witnesses now, I will try to confine their questions now to the matter of collective bargaining, conciliation, and arbitration.

The ACTING CHAIRMAN. Mr. Thompson, I should like to suggest that, following the program you have laid out with all these witnesses, the commission would like to have them remain and ask any questions that may occur up to the time of the recess at 1 o'clock.

Mr. THOMPSON. Very well, Mr. Chairman.

Will you please take the stand, Mr. Cohen?

TESTIMONY OF MR. JULIUS HENRY COHEN.

Mr. THOMPSON. Will you please state your name, profession, and your connection with the cloak-makers' protocol and the shirt-waist protocol in New York City, and any other protocol with which you may have had connection.

Mr. COHEN. My name is Julius Henry Cohen; profession, lawyer; counsel for the Cloak, Suit, and Skirt Manufacturers Protective Association; the Dress and Waist Manufacturers' Protective Association; in 1911, the Merchant Society of Ladies' Tailors and Dress Makers; in 1910, clothing contractors and clothing manufacturers.

My relations with the protocol or method of collective bargaining in New York City has been with the so-called cloak protocol, the dress and waist protocol, and the agreement which could hardly be called a protocol, between

Local No. 38, International Ladies' Garment Workers' Union, and the Merchants' Society of Ladies' Tailors and Dressmakers.

Mr. THOMPSON. Mr. Cohen, from your experience as counsel in these matters, have you formed any opinion as to the value of trade agreements in the relation between employers and employees?

Mr. COHEN. I have.

Mr. THOMPSON. Do you believe such agreements are of advantage to both the parties or to either of the parties?

Mr. COHEN. It depends upon the form of agreements, and the people who are going to execute them.

Mr. THOMPSON. Take the protocols which are in existence in New York City to-day; take the cloak protocol, for instance, of which this commission have a copy. In your opinion has that been a useful and beneficial document?

Mr. COHEN. On the whole it has been.

Mr. THOMPSON. What are the reasons that lead you to that opinion with reference to its benefits, first to the employers, and next to the employees?

Mr. COHEN. If I may state my opinion on the general subject of collective bargaining, I can refer in detail to our experience in the cloak, and the dress and waist, and the ladies' tailoring situations.

Mr. THOMPSON. Yes; you may.

Mr. COHEN. Prof. Howard took out of my mouth the words that I was going to use. If you are going to substitute for force a method of reasoning for determining controversies between working people and employers, you have to create a legal method. I mean by "legal," a method that is law for the people who are concerned. Your collective agreement, if it is to be a permanent feature of industry, is in the nature of a constitution of the industry, and just like any constitution of a political form of government which can not exist unless there are means for legislation and means for making decisions and means for creating new institutions as the occasion arises; and, just like the constitution of a political form of government, it works or does not work, according to the people who live under it. An American constitution in Mexico does not work. The highest kind of collective agreement, in my judgment, would be good for nothing in an industry where the employers were either selfish or unscrupulous or trying to take advantage of collective agreement on the whole, or where the working people were in their nature anarchistic in their tendencies and not law-abiding. It seems to me it is a case of efficiency in working machinery, and in the character and temperament of the men who operate the machinery; and so far as the principle of it is concerned, there can be no more question about the validity of the principle of collective bargaining in industry than there can be about the principle of constitutional government in a democracy. The fact is, the working people have just as much right to have their grievances heard, and heard collectively, as the great mass of people have the right to vote at the polls upon the matters that affect them, and we are coming to recognize that fact in industry, just as we long ago recognized it in politics.

All the protocol does is to create the machinery for working out in the industry, involving over 100,000 people, the problems very analogous to the problems we have in political life; and just as we succeed or fail according to the men we put in office, so it has been my experience that we succeed or fail in the industries according to the men we put in office, because, as Mr. Schaffner said in his testimony, it is not so much the letter of the agreement as it is the spirit, and the spirit is expressed by the human individuals in charge.

I found a complete failure of the collective agreement in the ladies' tailoring industry, and the explanation for it is very simple. The people in Local No. 38, as was demonstrated before the board of arbitration, did not care for a collective agreement. They preferred to have the warfare continued; shops strike whenever they felt like it; and the reason for it was because there were so few good ladies' tailors that they had the balance of power in their hands, and the making of a collective agreement balanced the power equally between the employer and the employed.

And let me say, by way of passing, that any kind of institution that gives one of the two parties a balance of power can not last. The power must be balanced equally between the two, and if it is not balanced equally between the two by the institution, it is bound to break down; the agreement is bound to break down.

We have had failure and we have had success in the dress and waist industry and in the cloak industry. We have had success wherever the spirit that Mr. Schaffner referred to prevails, where we have had the men on both sides

who were willing to sit down and apply the test of reason to the facts. When that was done the institution would work, and when it was not done it would not work. The great value of the protocol, in my judgment, is that even where you have men in the situation who do not carry out the spirit you still have a safety valve, and in that connection, in passing, may I say that I do not at all agree with the testimony or conclusions of Mr. Frey yesterday, because in the very situation in New York recently, where there was perhaps as serious a crisis as has existed in four years, the existence of the board of arbitration and of this commission made possible the adjustment of that difficulty, because Mr. Frey overlooks the fact that the opportunity to present a situation in the open, where it can be discussed upon the merits, makes for the final ascertainment of the truth, and the truth is the thing which must prevail in the long run whether it is a process of conciliation or arbitration. And what every situation needs is a place where a record can be made by both parties, where in the open they can meet each others' contention, and that clears the atmosphere and makes for the possibility of peaceful solution, just as in government, under a political constitution, the legislature and the courts are the safety valves for the people, and when they break down then your whole situation breaks down.

Now, I want also, if I may, Mr. Thompson, to supplement what Prof. Howard said. The moment you get your constitution and substitute a method of peace for methods of war you have got to have two forms of a government under that constitution. You have got to have an institution for legislation and you have got to have an institution for interpretation, the making of what is called common law, the making of precedents, because it is the precedents and the code thus established that makes the government of the industry. In order to have those methods of legislation the so-called conciliation method or conferential method is undoubtedly the best. In the cloak industry and in the dress and waist industry the grievance board, as you know, is the permanent legislative tribunal, and if the board deadlocks it goes to the board of arbitration. As you know, recently the protocol was amended by increasing the rate of pay for cutters by the board of arbitration to such an extent that it increased the payment to pressers by about \$300,000 a year in the industry, and that was done peaceably, without any strike, after careful investigation statistically by the department of statistics, of which your Mr. Manly was one of the heads, under the supervision of the board of arbitration, one of whom was Dr. Walter Weyl, a trained economist.

In addition to the legislative process you must have the process of deciding cases. You can not entirely take the system of deciding cases that you have developed in our Anglo-Saxon jurisprudence, because the method of examining witnesses and arguing in court is too complex for the daily activities of industrial life.

That results in the creation of the system of clerks and deputy clerks that you have for a large industry that has been described of record here, and as it was described in New York, where the people go to the factory and adjust their disputes.

You will have presently from the Department of Labor statistics of intensive study of the operations of the protocol in both industries made by Mr. Winslow of that department. It is now in the printer's hands. If my memory is correct, of the 7,556 grievances in the cloak industry since March, 1911, all but 123 were disposed of by the clerks or deputy clerks, and of those 123 all were disposed of by the board of grievances except 8, and those 8 involved questions of interpretation of the protocol, questions, as we call them now, of protocol law that could only be disposed of by a tribunal having the power of ultimate decision. And that tribunal in the cloak industry and in the dress and waist industry is the board of arbitration.

The board of arbitration is made up of people who are not in the industry—Mr. Brandeis; Hamilton Holt, the editor of the Independent; and Walter Weyl, a lawyer and editor and an economist.

The process of determining questions, both legislative and law, in a general sense is exactly the same. The process is that process which the lawyers of the world have been trying to carry out into procedure for centuries, namely, to get at principles and to get at facts and apply the principles to the facts. So that the whole thing is a method of getting at the facts and finding out what principles should govern, and the principles can only be ascertained by discussion. And my criticism of Mr. Frey's argument yesterday is that the

conferential method will not always get at the facts or get at the right principles. In the first place, although the man on the job knows more about the technique of the job, he does not always know as much about the general principles as a lawyer or an economist or a doctor who is called in from the outside. As a matter of fact, the protocol itself was made possible by an outsider. The invention of the preferential union shop by a lawyer in that situation resulted in the protocol. The very institutions that now make for peace in the industry are the inventions of lawyers—the board of sanitary control, the board of grievances, the clerks, the method of making precedents. This last thing, the committee on immediate action, is the joint invention of two lawyers.

All of these institutions have been created by lawyers from the outside or economists from the outside, brought into the situation. And it is because the lawyer is trained to find facts and to find principles that he has a valuable contribution to make to this problem, and because the method employed for centuries of getting at facts is the right method, that the analogies have worked out under the protocol, because, after all, the board of arbitration is a tribunal for getting at facts, listening to argument upon the facts, and making decisions upon the facts.

Mr. THOMPSON. In your opinion, is the introduction of the umpire on the board of arbitration, as you have it, a good thing?

Mr. COHEN. I do not call him an umpire, for a very important reason. The committee on immediate action is made up of three people, and those three people make the decision. Hence one of the difficulties of the problem, as I see it, is this, that under the machinery developed through the machinery of the protocol the man who represents the union and the man who represents the employers' association is not only an advocate, but he is a judge as well, and he has to be of that unique type, like the Howards and the Hillmans; and that is why we have to go to Chicago for our men for New York. He has to be of the unique type that can be both advocate and judge at the same time.

The committee on immediate action is a judicial body, and the clerks do not sit on that judicial body, each fighting for something in favor of his side, but with the aid of the third man, who is impartial, they come to a unanimous decision, and have come to unanimous decisions in every case. Under the old system the two clerks did constitute a committee on immediate action, and in all but very few cases where it involves questions of interpretation or legislation they did come together.

I do not agree with Mr. Hillman that the committee on immediate action was necessary to save the protocol. I do agree that it was a desirable improvement, because it takes off the shoulders of the people who sit on that grievance board the tremendous strain that was put upon them; and as a committee that decides questions of fact but not of protocol law it is a very distinct improvement upon the machinery. I would have the same feeling with regard to the umpire that Mr. Hillman has with regard to the umpire. If you are going to put upon the shoulders of a single man the decision of great questions that affect an entire industry it breaks down, because, in the long run, the very great mass of working people or very great number of employers would not be satisfied to leave the destiny of their interests to the decision of a single man. In our board of arbitration we have no umpire. We have three arbitrators, and, although one is named by each side and the third man is named by both, the three regard themselves as representatives of the public, with no interest to serve, except the interest of finding a sound decision in the particular case. And one of the curious things is that every decision by the board of arbitration has been a unanimous decision. The battle in the councils of the board has always been a battle not of fighting each side for what it contends from the third umpire but a battle to find out what the truth is and what is the best decision to make under the circumstances. I do not believe at all in any system of umpires; I think it can not last; but I do believe in the creation of tribunals of more than one man who make a steady study of the industry. That is the value of our present board of arbitration under the protocol; that for four years these men have sat with us and know the peculiar problems of the industry, and when we come to take up a particular situation they take it up in the light of their knowledge of the general psychology and economics of the industry. Bringing in people strange to the industry to decide matters would be a danger, just as Mr. Frey pointed out that it would be in the foundry.

Mr. THOMPSON. Mr. Cohen, I will ask you whether, in your opinion, the board of arbitration which you have under the cloak protocol and the committee on immediate action which exists under an amendment to the protocol for taking up grievances arising in the industry and settling them right away would be better if they had even numbers instead of odd numbers of men?

Mr. COHEN. I do not think so.

Mr. THOMPSON. You think an odd number preferable?

Mr. COHEN. Yes; because, as Mr. Hillman said, the fact that the gentleman knows that ultimately one man may determine is an incentive for them to get together, and they get together.

Mr. THOMPSON. Then, if the umpire is simply that man who would have that power which the parties know he has in this case, you have no objection to the umpire?

Mr. COHEN. No.

Mr. THOMPSON. That is all. I thank you.

Mr. COHEN. There are one or two things I should like to add, if I may, that I made some notes of.

In the first place, I want to state that the condition that Mr. Howard referred to as existing in the clothing industry by the trade agreement is analogous to the condition that existed in the New York women's wear industry prior to 1910, strikes in the shops on every provocation; and at the height of the season strikes successful because the foreman or the boss had to give in, and then retaliation in the slack season.

I also want to refer to the fact that there are very serious problems in the industry; the problem arising out of seasonal employment; the problems arising out of the fact that prices for labor are not fixed by any standards at the present time; piece price methods of adjusting the price of labor on each garment. Over 80 per cent of the wages are not fixed in accordance to any standard. In other words, there is no collective bargaining upon those things.

But I do not believe that problem could be solved by a general strike. I believe the only possibility of solving that problem is through the protocol, by study and conference, and ultimately by legislation in methods that are provided. I think that as Mr. Schaffner has just said, I am personally much concerned, it becomes very clear to everybody that the successful result of this development has depended much less upon the formal or external features than the spirit with which it has been worked out. My conviction is identical with that of Mr. Schaffner, that they are readily moldable if you have the right spirit on both sides, and if you have not that spirit on both sides the thing breaks down. If there is an antiunion spirit, an antiorganization spirit, the thing breaks down. And when the protocol has worked successfully it has been when that mutual spirit is dominant, and where it has not worked successfully it has been when that mutual spirit is not dominant. It has been where one side or the other has not shown that spirit. In that Local No. 38 situation, the Merchant Society of Ladies' Tailors, everything went completely to smash because there was not that spirit of mutual respect and confidence and mutual respect for the obligations that both parties had assumed. It does not mean that where you have mutual confidence the thing works perfectly; we have some strikes in the cloak industry to-day, and we have officials of the union who violate the law, subordinate officials; we have employers who violate the law, just as in political societies you have lawbreakers, but you have the machinery for bringing those people to book and correct any mistakes that they make, and that is the value in the system of collective bargaining. It substitutes a constitution for chaos, it substitutes law for disorder, and it substitutes reason for force; it makes both sides learn to respect each other, learn to understand the protocol, and it makes them feel a mutual respect for the solution of problems, and sometimes ultimately for their solution.

TESTIMONY OF MR. A. BISNO.

Mr. THOMPSON. Mr. Bisno, will you state your name and your connection with the New York protocol in the cloak industry?

Mr. BISNO. 2926 West Twelfth Street, Chicago, Ill.

Mr. THOMPSON. I will direct your attention—

Commissioner Commons. Mr. Thompson, he has not yet stated his connection with the protocol.

Mr. BISNO. I am chairman of the educational committee of the Cloak Makers' Union of New York.

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Commissioner Commons. You are now?

Mr. BISNO. Yes.

Mr. THOMPSON. What position have you had with the union other than that in the past?

Mr. BISNO. I have been its general manager.

Mr. THOMPSON. Under the protocol?

Mr. BISNO. Under the protocol.

Commissioner Commons. Who is the person at present occupying that position?

Mr. BISNO. Mr. Hillman.

Commissioner Commons. That is the place Mr. Hillman now has?

Mr. BISNO. Yes.

Mr. THOMPSON. And Mr. Horwitz lately occupied?

Mr. BISNO. I preceded Horwitz.

Mr. THOMPSON. And Mr. Hillman succeeded Horwitz?

Mr. BISNO. Mr. Hillman succeeded Mr. Horwitz.

Mr. THOMPSON. From your experience with the protocol will you state what effect it had in regard to the relations of the employers and employees in the cloak industry.

Mr. BISNO. What effect it had?

Mr. THOMPSON. Yes. Has it benefited the employees in their working hours, in their wages, and in their conditions of work?

Mr. BISNO. I believe it has had a good effect. In the first place in the history of the industry it has attained for the first time, partially at least, the benefit of a strike. Previous to this agreement, the protocol of 1910, we used to have a great many strikes, both shop strikes and general strikes, including the entire industry, and whatever we have succeeded in winning during these strikes has petered out subsequently. It is a seasonal trade. During slack seasons the people do not attend to the unions and the unions become weaker. There are a great many employers in the industry, and there was a good deal of competition between shop and shop, and a so-called victory has petered out after the victory.

So that it did not take very long after a victory to lose all we had gained during each strike, and this protocol was an instance for the first time in the history of the industry that I know of. I know it is a little over 30 years where the benefit was retained for a period of over three years, very nearly four; so that I believe very much in the sense of this protocol agreement.

Mr. THOMPSON. If you know definitely, or as definitely as you do know, will you state what effect it has had on the adjustment of wages and maintaining wages, and on the maintaining of the dignity of the worker in the shop, and as to improving his condition in the shop, not only with reference to individual standing, but with reference to sanitary conditions.

Mr. BISNO. The main improvement of the conditions was gotten by a strike, and this agreement retains those improvements. There has been a reduction of hours to 50 hours per week. They used to work 60, and more, before the strike. There was practically no limit in the smaller shops on the hours of labor; they worked all the time, and when they were busy they worked more than unlimited time. This agreement has established a regular working day of 50 hours a week, with provisions during the busy season for some hours overtime. So in this there was great benefit. Then there was an institution established to provide for maintaining sanitary conditions in the shops, which helps materially and improves the sanitary aspect of the industry, better shops. There were some rules as to where a man may keep a shop and where he may not, and where the standard is not perfect, it is a fair standard, much better than no standard at all, as we had before.

On the subject of wages, about 20 per cent of the people employed are week workers, and the standard has been established for cutters and pressers and skirt finishers and some others, I think, and that standard has been maintained. In fact, in the case of the pressers the arbitration board raised that standard last year, \$2.50 for a presser, \$1.50 for an under presser, and \$1 for a helper.

The pieceworkers have not been able to keep up the standard that they have achieved during a strike. If I might be permitted, I will explain the reason why. So that I think that we are deteriorating, going down in the price of labor amongst pieceworkers under the agreement, because there is no equitable method established or maintained as to price for piecework.

Mr. THOMPSON. Is that not due to the fact that you have not got more protocol rather than less protocol?

Mr. BISNO. If you want to word it that way.

Mr. THOMPSON. I will ask you if you know what was the method of dealing with labor in the cloak industry in New York prior to the strike and the creating of the protocol. Do you know what the method was?

Mr. BISNO. Yes.

Mr. THOMPSON. Do they have such things as contractors, inside shops, and subcontractors, and if so, what has been the effect of the protocol on those institutions?

Mr. BISNO. I can not help but always think of the strike instead of the protocol. The change has been brought about not by any protocol, but by a strike; the protocol has been the system by which you would keep what you got.

Mr. THOMPSON. Has it been a good cup or bucket?

Mr. BISNO. The strike has abolished the outside finisher, which was quite a bad feature in the industry. Women used to take work home and do the work at home, and that was insanitary and contained within itself the probabilities or chances of the distributing of contagious diseases among the families of the poor people. The strike has abolished that—made it impossible—at least, the agreement abolished the outside finisher, the home shop.

Mr. THOMPSON. I would like you to make it clear. I think there are two impressions abroad among the commission and the audience as to your attitude on the strike and the protocol. As I understand you, you say in the beginning, in the past when the people got any benefits as a result of a strike, they were lost, gradually frittered away, and passed away, but, as the result of this protocol that now exists, the benefits derived from the strike of 1910 have been kept and maintained.

Mr. BISNO. Very largely.

Mr. THOMPSON. Now you may go ahead.

Mr. BISNO. When you speak of the benefits of the protocol, which I believe in as much as you, the implication is that the protocol is the strength of the thing—the heart and soul of the thing. To us it is the strike, and the protocol is simply a record of the arrangements and agreements which we have made or what is what. The strike has abolished—or the protocol, if you prefer—the home shop, abolished the inside contractor. Manufacturers used to give a man several machines and tell him, "Now, you have in the shop several machines. We will give you so much per piece, and you can hire your own labor and make that." The same was true in regard to finishers and pressers. One man would get an entire job of pressing, and then he used to contract in the shop and employ people, some by contract, some by piece, as he saw fit, and make the benefit of the difference between what the manufacturer paid and what he could get people to do the work for. That the strike has abolished, or the agreement, so that there is no inside shop contracting. It established a regular working day and raised the wages considerably for the contract worker, and also for the pieceworker, and it has maintained them since for contract workers, and has partially lost them for pieceworkers.

Mr. THOMPSON. Does the protocol, as it now exists in New York, and as it existed in the past, help in the question of seasonal work, the regularity of employment?

Mr. BISNO. No.

Mr. THOMPSON. So far as you know, has the protocol been lived up to by the parties?

Mr. BISNO. Yes; largely so, where they could not evade it successfully.

Mr. THOMPSON. What has been the effect of the machinery in the adjustment of difficulties under the protocol?

Mr. BISNO. As has been said before, the protocol has created a board of arbitration and passed upon differences between the unions and the manufacturers. It has created a board of business agents composed of men of the manufacturers' association and the union. These business agents take up the grievances that come up and pass on them. They are called clerks, and if they disagreed, then it came before the grievance committee to pass upon that disagreement, and if that grievance committee disagreed, then it was supposed to go to the arbitration board. As a matter of fact, for the last three years previous to the introduction of this impartial party in the immediate action committee this thing did not work. The union and the manufacturers had disagreed on almost every vital point, and the disagreement always meant that the union lost, because it has been the union that has been making demands for the enforcement of the provisions of the agreement, and if the boss says that he would not continue to have it enforced in the way the union thought it ought to be enforced,

and there was nobody to answer, it simply meant that the union had lost in this disagreement; the union did not get it.

Mr. THOMPSON. In your opinion, then, this immediate action committee has failed to carry out the protocol?

Mr. BISNO. Yes; I agree with Mr. Hillman that that has helped in maintaining the protocol; that it could not have lived unless this thing was introduced.

Mr. THOMPSON. What do you know of the comparative condition of the protocol shops, the nonunion shops and the union shops in New York, the union shops outside the protocol?

Mr. BISNO. There are not any nonunion shops, or so very few that they are insignificant; there are some of them, a little outside of New York, in New Jersey, where they are taking work from New York and making it over there.

There are two associations in New York; one is called the protocol, and then there was an agreement or understanding with another manufacturers' association—smaller manufacturers—with a large number of members in it, about the same number as the larger association; the union has an agreement with employers, not members of either of these associations. The conditions really depend on more things than on the protocol. For instance, the size of the factories, the respectability or decency of the employer himself, and the kind of people he is working. On the whole it is about the same thing. If the condition in the protocol shops becomes worse then the conditions in outside shops become worse, and if the conditions in the outside shops become worse then the conditions in the protocol shops become worse. It all depends on the strength of the union to enforce the whole business.

Mr. THOMPSON. Then there are other union shops; there are other contracts that the union has with the cloak manufacturers in New York outside of the protocol?

Mr. BISNO. Yes; we have agreements with every independent employer besides members of the manufacturers' association.

Mr. THOMPSON. So that there are many agreements in the cloak industry in New York City?

Mr. BISNO. Yes; there is one with the Manufacturers' Protective Society, and with the Manufacturers' United Society, and there are other agreements—there are over a thousand agreements with individual employers.

Mr. THOMPSON. In your opinion do these agreements, so far as you know of conditions in New York, work for the benefit of the men in the shops?

Mr. BISNO. Yes; very much so.

Mr. THOMPSON. Does the existence of the protocol and these agreements tend to reduce the strikes in the industry?

Mr. BISNO. Yes.

Mr. THOMPSON. If you know, is the so-called protocol in New York looked upon favorably by all the workers?

Mr. BISNO. Yes.

Mr. THOMPSON. It is?

Mr. BISNO. Yes; in fact I do not know of a single dissenting voice on that proposition. I have been mostly with the most rebellious crowd in the movement, and even the most inflamed minds are in favor of the improvement of the protocol, giving better expression to their needs; and I have not heard at any meeting or any private conversation amongst the men an assault on the idea of the agreement; it was always an assault on the failure by the officers of the association to fully uphold the agreement, and also suggestions to improve the terms of the agreement, but not on the nature of this agreement.

Mr. THOMPSON. Something has been said with reference to the method, the theory of conciliation and arbitration. Some have favored the idea of equal representation of both the employers and the men on boards of conciliation and arbitration. Others have spoken in favor of the idea of a third party, sometimes called an umpire on such boards. From your experience as an officer and member of the union what form do you favor, and why?

Mr. BISNO. I believe in the umpire. My experience is that where there is no umpire the boss gets the benefit; the boss has had the advantage, because it practically means where there is no umpire that the boss has had his way. When they say conciliation, mediation, and so forth, he has got plenty of time to talk, and so that is all you get. If you have no power to enforce what you want, and have agreed not to strike to enforce it, you get talk. There is plenty of time, so you have got to have somebody to delegate that power and to enforce that, and this umpire in my experience has been the only party who can enforce that.

Mr. THOMPSON. In regard to matters arising with the individual working in the shops, the grievance is generally his; he has either lost his work, or some other manner of discipline is applied to him which he complains of, and in case they are unable to reach an agreement by the conciliation board then he suffers and the employer does not?

Mr. BISNO. That is the idea.

Mr. THOMPSON. What do you know of the condition in New York with reference to such questions—that is, in regard to introducing this immediate-action committee with a third party on it?

Mr. BISNO. When I took office a little while ago I found there was quite a complaint on the part of the men that the active members of the union were discriminated against in the shops, that if a man tried to enforce or helped to enforce the provisions of the agreement the employer either discriminated against him by way of giving him less work, or poorer work, or he discharged him, and that when his case came up before these clerks there was usually a disagreement; the clerk of the manufacturers' society held that this man was not discriminated against, or that the discrimination was warranted because of his conduct, or that he was discharged because he deserved to be discharged. The clerk of the union always held that it was discrimination because of union activity, or protocol activity, or activity to enforce the provisions of the agreement, and there was a good deal of unrest and dissatisfaction among the men. I have had large numbers of men that had no work because of their conscientiousness and sense of loyalty to the union. When I took the position of clerk I knew that there was this dissatisfaction and I tried—I submitted to the manufacturers' association the idea that we introduce an impartial party to adjudicate this, and they have not agreed with me on that, and so during my régime, too, there were numbers of men that were discharged evidently because of their activity in union matters in the enforcement of the provisions of the agreement, and they had no redress. When I brought these cases to the grievance committee we have usually disagreed, so that for the entire period I was there on the vital questions we disagreed on them always.

I have been told by men on the grievance committee previous to my coming there that on these vital questions they had disagreed for months and months, they used to get together and sit there and talk and talk, and talk, and the men remained outside; so that it was quite an issue, amongst our people, of dissatisfaction, and this introduction of an impartial party in the immediate-action committee, in my opinion, relieved the situation materially. It was very bad before, and I understand it is much better now.

Mr. THOMPSON. That is all, thank you.

Mr. BISNO. I would like to make an additional statement.

Mr. THOMPSON. Mr. Rosenberg does not appear to be here, and I have allowed time to examine him. I will now turn it over to the commission. I am through with this witness.

Mr. COHEN. I want to correct some things that Mr. Bisno has said. I would like a few minutes.

Commissioner COMMONS. Mr. Bisno wishes to make a statement on his own account, and after he has done that the commissioners will ask him questions.

Mr. BISNO. There are two items on which I wish to say something, which appear to me to be a serious risk to the existence of this agreement.

Commissioner WEINSTOCK. When you say "agreement" you mean the protocol?

Mr. BISNO. Yes; the protocol, and to its continuance and life; and I should like to speak of those two items. As has been said before, there are about 80 per cent of the people working by piece, and there is no standard for piece-workers, and the protocol has not as yet worked out a proper machinery for the settlement of these prices for labor. The protocol provides that the price for labor be settled by a committee of the shop and the employers. Usually the committee of that shop is not the competent party to settle the price for labor.

In the first place, they do not know what other people pay in other shops for the same kind of labor. In the second place, they are afraid that if they do not satisfy the boss in their opinion on the price of labor the boss may discipline them by discrimination. Then the boss has an immediate advantage in the settlement of the price for labor in this, that he can control some of them. He does not have to say it in so many words, but in substance he can say to a member of that committee, at least, "We will see that you do not get the class of work that the price is bad on, so that you give me the advan-

tage in the settlement of the price for work and I will give you a chance to make some money."

Commissioner WEINSTOCK. An indirect bribe?

Mr. BISNO. Yes, an indirect bribe. We did have cases where the bribe was direct; but the same thing runs all through the 2,000 shops, so that the price for pieceworkers is not maintained in the same way as we had that two years ago; so that I would suggest that the union and the manufacturers' society establish a body of experts whose business it should be to settle the price for labor.

Commissioner WEINSTOCK. A sort of a clearing house for all the manufacturers?

Mr. BISNO. Yes, for all the manufacturers; and that these experts be paid by both the union and the manufacturers' association together, and that they be officers not only of the one side or the other side but of both sides, and that they settle the price for labor on a given basis. I think that the union would even agree to assume that the price for labor as it is now is all right; take that as a basis, and maintain that in all of its shops. I believe that the manufacturers' association, as it is constituted to-day, and the union can not maintain the product efficiently enough until the manufacturers' association themselves will increase their membership by taking in almost everybody in the industry, because, as is stated to-day, it is the nonmembers of the manufacturers' association competing against the manufacturer's association that forces the members of the association themselves to work, if necessary, against the union, because, possibly, their business forces them. So that I believe that the members of the manufacturers' association ought to unite the two manufacturers' associations now existing, and then take in the others. I understand that they do not take in members as willingly as the union takes in members; that there is a sort of privilege over that. Unless they do that, this agreement will not have enough strength to live.

There is also the danger, which is now coming in vogue, of having both the manufacturers' association and the union competed out of business by those outside, scab shops, so to say, and scab unions and scab men, who manufacture goods cheaper than the union and the members of the manufacturers' association can, and therefore defeat the whole arrangement, and I feel that there ought to be made an effort on the part of the manufacturers' association and the union to get the State a party to this arrangement, to have the law give preference to this agreement, to establish insurance, out of work benefits, and sick benefits, and have the State be a party to these agreements and provisions. As it is now, there is danger of it being competed out of business, and we now have strikes in New York with men who are not members of the manufacturers' association applying to the manufacturers' association, cheaper than the members of the manufacturers' association, working with nonunion men; and you can get members of the union to become nonunion if a man is starving and you offer him a job; so that there is a serious position established by that situation to the whole arrangement, to the protocol agreement, the manufacturers' association, and the union, and everything else. I feel that the union and the association of manufacturers have got to work hand in hand, and that the State ought to help them on that. As it is, the only answer on this is violence, so far as I can see. The union does not want to see these other men take their jobs, and there is no way by which they can stop it, except violence, and they fight, and the condition of violence and the condition of peace in the industry do not seem to work hand in hand; so that I am in favor of the State becoming a party to these industrial agreements. The State does indorse labor unions.

Commissioner WEINSTOCK. Officially?

Mr. BISNO. Well, in a certain sense they are recognized. It is not officially; no. It ought to be.

Commissioner COMMONS. Mr. Bisno, I will ask Mr. Delano to ask you any questions that he wants to ask you.

Commissioner DELANO. I think you have pretty nearly answered it, but what I wanted to ask you was, whether in your judgment it was necessary in order to make trade agreements effective that the manufacturers should be organized so that they would act in cooperation?

Mr. BISNO. Yes; I really believe that the manufacturer ought to feel as strongly against the scab manufacturer as the union men feel against scab workers, because this unlimited competition destroys the manufacturers.

Commissioner DELANO. Do you think that organization ought to go to the extent, even, of allowing the manufacturers' organization to fix prices subject to State supervision?

Mr. BISNO. Oh, yes; I believe that within reason the thing ought to be controlled, so that the meanest of us do not get the advantage.

Commissioner WEINSTOCK. How would you get any of the manufacturers into the association? What method of procedure would you follow to bring that end about?

Mr. BISNO. I think that the union ought to be made to see that it is for the benefit of the union to have the manufacturers' association increase in strength, and the union can help with that materially.

Commissioner WEINSTOCK. Do you mean by the union men refusing to work for an employer who is not a member of the association?

Mr. BISNO. The union can bring the same sort of purpose into this. You see, you could not enforce it offhand, but the union can help a manufacturer to get out of business if he is not a member of the manufacturers' association.

Mr. WEINSTOCK. Let me understand that. What percentage of the workers are organized in New York?

Mr. BISNO. Almost all of them; about 95 per cent of them.

Mr. WEINSTOCK. About 95 per cent. Then, the matter, from the standpoint you now make, is really in the hands of the workers? They could control?

Mr. BISNO. The manufacturers themselves have a little clique among themselves, and they do not want the other fellows to get in and get the benefit.

Mr. WEINSTOCK. But by simply saying to the employers that they will not work for any man who is not a member of the association, just as they say to the employers, "You must not employ men who are not members of our union"—that is, they must join at a certain time—would not that force the manufacturers into the association?

Mr. BISNO. It would help matters.

Commissioner WEINSTOCK. Then, it is up to the union, rather than up to the manufacturers?

Mr. BISNO. It is up to a mutual understanding.

Commissioner WEINSTOCK. Were you here yesterday when Mr. Frey testified?

Mr. BISNO. Yes.

Commissioner WEINSTOCK. Do you recall what he said about arbitration—that he did not think that arbitration, in the sense of having an umpire, was wise or desirable?

Mr. BISNO. Yes.

Commissioner WEINSTOCK. Do you agree with that?

Mr. BISNO. No; I do not agree with that. I do not agree with his view.

Commissioner WEINSTOCK. You do not?

Mr. BISNO. No; I think he is wrong.

Commissioner WEINSTOCK. You think he is in error?

Mr. BISNO. Yes.

Commissioner WEINSTOCK. And that it is essential to have arbitration with an umpire to maintain industrial peace?

Mr. BISNO. Yes. I think at least that power ought to be there. I feel like Mr. Brandels does, that that power ought not to be used easily or indiscriminately, because it is difficult to make industrial legislation. It is a new field of human endeavor, and we are very much inexperienced in that. It is much more complicated than social legislation or civil legislation. But each side knows that there is somebody who, when they pass a certain line in equity, a certain line in thought, has the power to act, and they guide their own conduct in the light of what they can see this fellow is doing and is saying and they can agree. But if they feel that if the other fellow has a momentary advantage, he will make use of it—

Commissioner WEINSTOCK. These two arguments have been offered, pro and con, for and against the use of an umpire. On the one hand it is contended that having a board of arbitrators or conciliators will shift the responsibility to the board of arbitrators, and will therefore delay action; that rather than yield a point which might make them unpopular with either side, they would prefer to let that be done by the board of arbitrators, so that they will be held blameless by their organization or the bodies that they represent. On the other hand, it has been maintained that the very fact of there being a board of arbitration would tend to lead the conciliators to agree, believing that they could get better results among themselves, and that they might not fare so well

at the hands of a board of arbitration as if they had adjusted the difficulties among themselves.

Mr. BISNO. The first argument that you say is against it, in my opinion is for it. Here is the situation. I represent the workmen, we will say, and you represent the employers.

Commissioner WEINSTOCK. Yes.

Mr. BISNO. The workmen say, "We want to have 8 hours." The employers say, "We want to have 10 hours." If I should say to you, "Let us split it in half and make it 9 hours," I lose my job. If you say to me, "Let us split it in half and make it 9 hours," you lose your job. The result of it is that I say to you, "I will stick to 8 hours," and you say to me, "I will stick to 10 hours," and then we go out and fight. Then we put in the third man to pass on it, and you get somebody to unload your troubles on and I get somebody to unload my troubles on.

Commissioner WEINSTOCK. The responsibility is shifted.

Mr. BISNO. Yes.

Commissioner WEINSTOCK. And the third man becomes the goat, as the saying is?

Mr. BISNO. Yes; and the shifting of the responsibility becomes, in the very nature of things, an aid instead of a hindrance, to stop us from fighting. So that when they say they find fault with the arbitrator, because we unload our troubles, I find that very argument in favor of having an arbitrator.

Commissioner WEINSTOCK. In favor of having an umpire?

Mr. BISNO. Yes; as the most substantial argument in favor of it.

Commissioner WEINSTOCK. It becomes a perfect safety valve for both sides?

Mr. BISNO. Yes.

Commissioner LENNON. I prefer to submit written questions to all these witnesses. There are a great many things upon which I desire information, and I do not care to go into them now.

Commissioner COMMONS. We want to hear Mr. Cohen, but there are one or two questions that I would like to ask you with reference to whether the union itself does not scab on other unionists by going to work for these nonassociation shops at lower prices than it works for the association shops?

Mr. BISNO. Yes; as to the standard for pieceworkers, and in some shops in the association we work for more and in some shops out of the association we work for less, and vice versa.

Commissioner COMMONS. Apparently your recommendation goes no further than to put it up to the employers. You say to the employers, "All of you get together and then expel a man who does not live up to the association standards." On the other hand, that man would just as soon be expelled on account of refusing to live up to that standard, because the union itself has no standards.

Mr. BISNO. I have suggested that the manufacturers' association and the union establish a system of experts and establish those standards, and that they be enforced by everybody, members of the association and nonmembers of the association.

Commissioner COMMONS. According to that, then, the union could go ahead and enforce it on nonassociation members, even though the association was not strong enough to bring in those members?

Mr. BISNO. That is it. Yes; that is exactly how we did. The truth is that there has worked out a condition of those matters where the members of the manufacturers' association themselves helped the nonmembers of the manufacturers' association, and defeated the purposes of the union, by way of sub-manufacturers, and so forth.

Commissioner COMMONS. How large a committee would this price-fixing committee have to be?

Mr. BISNO. We have figured it at about 50 men.

Commissioner COMMONS. How many prices do you have to fix in the New York protocol each year?

Mr. BISNO. Hundreds of thousands. We figure that about 50 men could do the work.

Commissioner COMMONS. Twenty-five on each side, you mean?

Mr. BISNO. No; about 50 on each side.

Commissioner COMMONS. One hundred men would have to be on the price-fixing committee, then?

Mr. BISNO. I think, in the course of time it would work out so that one man on each side could do it, by arranging a certain standard. The expert

should be a man who would be able to say how long it would take to make a given garment, so that the price of that garment could be determined in accordance with the rule laid down on the earning capacity.

Commissioner COMMONS. Suppose that one man has 200,000 new garments to consider.

Mr. BISNO. We will say, then, that 50 men can do that work, or 100 men. I figured that about 50 men would be able to do that work.

Commissioner COMMONS. According to that, they would have to increase their dues and expenses high enough to pay for 50 men on each side?

Mr. BISNO. Yes.

Commissioner WEINSTOCK. They would be doing productive work, however.

Mr. BISNO. The union has enough money, and it would be so much saving. To-day we have in every shop five men and there is so much haggling and bargaining now because it is not done on expert knowledge, and it costs our men probably \$5, where it should cost us 5 cents, in making the price.

Commissioner COMMONS. Does the union pay its shop committee for the time lost in this price fixing at present?

Mr. BISNO. No. Sometimes it does and sometimes it does not. It depends upon the nature of the shop.

Commissioner COMMONS. Well, it is a loss, anyway?

Mr. BISNO. Yes; it is a loss, whether the union pays the committee or not. The men lose the time.

Commissioner HARRIMAN. There is one question I wanted to ask, although perhaps you have answered it already: What is being done about the members of the manufacturers' association who go and buy from nonassociation shops?

Mr. BISNO. So far we have no answer to that. We have been trying to solve that question. If a real price committee is established, to settle all these prices, we will try to amend the agreement with the manufacturers to consider every place they buy as a contractor, and hold him responsible for the same conditions that prevail in his shop. To-day, really, every manufacturer has it within his power to, and does, violate the provisions of the agreement by having a contractor make the work for him where it runs less than what the agreement provides for, and he calls that buying, submanufacturing, and so on; but it is violating the provisions of the agreement, and it is being done very extensively in this form of buying.

TESTIMONY OF MR. JULIUS HENRY COHEN—Recalled.

Mr. COHEN. I am very sorry that the commission has gone into matters that are clearly debatable and involve careful inquiry as to the facts; first of all, as to this matter of buying merchandise. Mr. Bisno has made a contention, and other people have made contentions, and those contentions are now being considered by the board of arbitration in the industry, and I regard it as utterly unfair to give any impressions of unfair conduct on the part of the manufacturers with regard to it, when the only way of determining the facts is by careful investigation into them.

For example, Mr. Bisno's statements with regard to the number of deadlocks was a chart made before the board of arbitration over a year ago, as a result of which Mr. Winslow, of the Department of Labor, was directed to make a complete study and investigation, and his report is now in the hands of the printer, and I assume will be considered by you. I have seen the reports and the facts show that there has not been any such number of deadlocks, nor any such difficulty as the representatives of the union have argued before the board of arbitration.

By way of illustration, in the dress and waist protocol, which I know all about, they have no committee on immediate action there. Miss Isaacs is in charge of the labor department of the association, and Mr. Pollocks and Mr. Zimmerman for the union; and they get along without any deadlocks and without any committee on immediate action and without any umpire, at the present time. Only one case has gone to the board of arbitration.

I want, upon the record, to deny that there has been any bribing of price committees or attempts at bribing that the association has known about. There was a case of a shop chairman, where the employer tried to bribe the chairman, and upon a disclosure of the facts he was expelled from the association.

Any suggestion that there is any chance of bribing the price committees in the association shops is a slander that you ought not to permit to get upon your records—certainly without my denial being made, in my presence.

In the next place, I think that any suggestion made to this commission that the only alternative to a peace agreement, a collective agreement, is the use of violence, is a suggestion that should, least of all, be made by a representative of a labor organization.

Mr. Bisno has stated here that he did not see any remedy for the situation unless the association took in everybody except for the union to use violence.

Certainly I can not listen to that without expressing my protest. The process is a process of education of the working people. There is a great problem in the dress and waist industry to get the girls to join the union. The girls join the union reluctantly. It is to be done by a process that the trade-unions in this country have followed for years, of educating the people to the value of trade-unions.

As to the proposition that the association has some kind of a clique or monopoly; that is absurd. There has never been a single manufacturer who has applied for membership in the association who has been rejected, so far as I know.

The association has made the condition that he must have a sanitary certificate from the board of sanitary control to show that he maintains the sanitary standards required; but, as has already been observed by the members of this commission, membership in this association involves an expense. It costs money to keep up the method of sanitary control, to keep up the board of arbitration. The wage-scale inquiry in the dress and waist industry alone cost \$40,000, of which the association contributed one-half and the union one-half. Every one of these statistical investigations costs money. No man can join the association unless he is ready and prepared to pay his dues, to pay his share of the dues. In the dress and waist association there is an endeavor made to equalize the obligations according to the amount of business or the number of machines a man has. I have never yet, until it was suggested here to-day, heard that there was any effort on the part of any of the employers' associations in New York to monopolize the employers or to keep them in the group. The whole effort seems to be on the part of gentlemen who think, as the previous witness does, to impose upon the employers' association the whole duty of establishing conditions throughout the industry. In other words, they find the collective agreement works so well in its operation upon members of an employers' association that they want every employer to join the employers' association.

The reason for that is that if a man is caught not observing the protocol he is disciplined by his own association. It is a great deal easier to discipline a member of the association through the association than to conduct a strike against one who is not a member of the organization. The great labor which has been entailed upon the officers of the two employers' associations has been such as nearly to break down the health of some of the officers, because of the immense amount of time they have had to put in on committees of discipline and the like. The effort is now to see to it that the machinery provided under the protocol takes the place of that.

I should regret very much to see any impression created here that there are great violations of the protocol in the buying of merchandise. Do not forget that the nonmember of the association can buy his merchandise as he pleases, and the jobber can buy his merchandise as he pleases; and any restriction upon the members of our association in buying merchandise will simply mean that they will resign from the association and become jobbers of merchandise. If it is so important to the union to keep up our association by increasing its membership, it is important for us to keep our present members in the association. You can not limit a manufacturer to buying lines which he does not make himself in order to fill the orders of his customers. However, that is a matter that is controversial, and is now pending before the board of arbitration; and, in my judgment, nothing should have been introduced into the records of this commission of that kind, because I understand that we are here not to try the issues that may have arisen under the protocol, but to consider the question of the value of collective bargaining, mediation, conciliation, and arbitration.

I regret very much that it becomes necessary for me to take up these controversial matters and record my protest and my exception to some of the statements of fact that have been made here.

Commissioner O'CONNELL. I want to ask you a question—

Mr. COHEN. Just one more thing first, please.

I also want to protest against the proposition advanced by the previous witness, that the union should be authorized by law, or approved by law, to tell a manufacturer to get out of business if he does not join the employers' association. I think that is not only illegal, as involving a conspiracy, but that it is un-American. It is just as un-American as compelling a worker to get out of the industry because he does not belong to his association.

Commissioner O'CONNELL. For the benefit of the record, what is meant in the protocol, or in the arrangement you have in New York, with a preferential shop?

Mr. COHEN. Exactly what is stated in the protocol. The words were carefully devised to meet a situation. I can not quote the exact words, but—

Commissioner O'CONNELL. Give us your interpretation of them, then.

Mr. COHEN. I do not want to give you my interpretation of them; I want to give the exact words. As nearly as I can recall them, they are that in hiring help the employer gives the preference to union men, but without any order among union men—not obliged to follow any list—and the clause expressly recognizes that there are differences of degree of skill. It respected existing obligations to nonunion men at the time of the signing of the protocol, and it also provides that the employer agrees to maintain a union shop, meaning thereby, as the language expressly states, a shop in which union conditions of hours and labor prevail; and the employer also is to state that he recognizes the moral obligation on the part of his workers to carry the burdens for the institutions that are for the benefit of his associates.

In actual practice that means, Mr. O'Connell, that the employer assists the union in unionizing the shop, because it is made clear to the union employee that the employer belongs to an association that is working in cooperation with the union, and that the employer prefers to have union people in his employ; but it means that the shop is open to anybody and the union is open to anybody who wants to come into the industry and is competent to do the work; and the implication of it is that the union must maintain reasonable dues and reasonable initiation fees, so that they can not keep anybody out. There has never been any question about that at all, because this union has always been an open union in that sense.

Commissioner O'CONNELL. In case of a reduction of force the union man would be given preference as to retainment?

Mr. COHEN. That is the basis in a great many shops, but I do not understand that that is the necessary interpretation of the protocol.

Commissioner O'CONNELL. And, in the reinstatement of men, with the picking up of business, union men get the preference?

Mr. COHEN. That is the basis, but it is not a necessary interpretation of the protocol.

Commissioner O'CONNELL. In your interpretation of what is commonly known as the open shop, would you consider that an open shop?

Mr. COHEN. No, sir; that is not an open shop. An open shop is where the employer takes in anybody that comes along, regardless of his affiliations with the union. May I say this, in further amplification—

Commissioner O'CONNELL. I just wanted to get that, for the benefit of the record, because some statements have been made here in regard to open shops.

Mr. COHEN. I want to say, in amplification of the record, that where the protocol works, where the collective agreement works, the manufacturer finds an advantage in having practically all of his shop unionized, because then he has the discipline of the union to enforce against its members. But where the union is arbitrary, where it makes unreasonable demands through its committees upon the employers, you have the manufacturers not keen about getting their men to join the union. Where the union operates as Mr. Schaffner describes it did operate in Chicago, with a man who understood the spirit of collective agreement, the result is that the shops become practically thoroughly unionized, with a very candid and frank cooperation of the employer himself—not by collecting dues or bringing any pressure to bear, but by simply letting it be known that he actually prefers to have union men in his shop.

Commissioner O'CONNELL. But in the case of Hart, Schaffner & Marx, they have absolutely union men; nobody can work in the department but a union man.

Mr. COHEN. I did not understand that.

Commissioner O'CONNELL. Yes.

Commissioner COMMONS. Perhaps Mr. Schaffner will answer that question, or Prof. Howard.

Prof. HOWARD. That will be brought out later, Mr. Chairman.

Commissioner COMMONS. Yes. I want to ask a question about that, later. Mr. COHEN. There is one other thing that I omitted, Mr. Chairman, and that is with regard to the piece-price experts.

Mr. Bisno has overlooked the fact that six months ago there was created a piece-price division of the board of grievances, with experts to settle these questions, controversies in the shop. That is in operation; and in the dress and waist industry we have a wage scale board now in operation that is settling these prices. The real problem is not in getting people to go to the shops and settle piece prices, but to have a standard by which anybody settling prices can be governed. That is the economic problem; that has not been solved, and can not be by the creation of any legal institution. What has been done is what Dr. Stone is doing now in the dress and waist industry, to see whether it is possible to standardize the prices for making women's garments, in the way in which prices have been standardized by Hart, Schaffner & Marx in the making of men's garments.

The difficulties in the way of standardizing prices for women's garments are that the styles vary, and vary with such rapidity that that constitutes an inherent difficulty in this industry. The real problem is not the problem of finding the experts, because that is under way now. The real problem is to find the things by which the experts shall be guided. That is the problem. That is not to be ascribed to the protocol, and is not caused by the protocol any more than slavery was caused by the Federal Constitution. It exists in the industry.

Commissioner WEINSTOCK. Is that a problem? Your unit is a question of time; is it not easy to take time as the yardstick and determine the value?

Mr. COHEN. That means the time basis is the solution?

Commissioner WEINSTOCK. Yes.

Mr. COHEN. Neither the union nor the manufacturers are willing to put the time basis in operation. Pieceworkers making \$60 to \$75 in the height of the season do not want to go on a time basis of \$30 a week.

Commissioner COMMONS. You are using the words "time basis" in a different sense; not in the sense of payment by the week, or by the day, but—

Commissioner WEINSTOCK. The length of time it takes to do the piece of work.

Commissioner COMMONS. By the time clock or by the watch?

Commissioner WEINSTOCK. Yes.

Commissioner COMMONS. Do you measure the time by each operation? Do you do that in any way?

Mr. COHEN. You can not do that because of this reason: The moment you work on a time operation—to pay so much per hour for the work, which is what we call a time rate—they want to introduce the time rate. Take, for example, in the dress and waist industry; you have to-day a testing system, which is based upon the theory of the estimated number of hours it will take to make the garment at 30 cents per hour. In other words, a new waist comes into the shop. You are the boss and I am on the price committee. We try to figure out how much it would take to get an ordinary operator to make the garment and we multiply the number of hours by 30 cents, and that is the price. It does not work, and the reason it does not work is because neither you nor I can estimate with sufficient accuracy the number of hours to be used. It is impossible to make a guess that will be satisfactory. It is an illustration of what was remarked by Mr. Bisno in describing conciliation versus arbitration; you lose your job if you are too high for the boss and I lose my job if I am too low for the workers. No; the time solution is not the solution. The solution is, in my judgment—I am not an expert on it at all—along the lines established by Hart, Schaffner & Marx in connection with their manufacture of men's clothing. I think they have gotten down to the point where there are 500 operations in the making of some of their garments.

Mr. HOWARD. I think it was 150 or 160.

Mr. COHEN. That is enough; 150 or 160 operations. It is like the system in England in the men's tailoring industry, which is on the same general principle. I am not giving accurate figures, but it is estimated that a good operator will take an hour to set in a sleeve. All right; it is paid on the basis of a standard rate, and if the man does it in half the time he makes a profit on it, and if it takes twice the time to do it he makes less. But the difficulty is, taking women's garments, with the changes of styles, to do it in such a way as to make a proper rate—and that is a job for the economist and the efficiency

engineer—and the man does not live who can solve that problem; and because of that we have the constant fight to find the basis on which that shall be done.

Commissioner COMMONS. Just a question on the definition. According to the definition, preferential shops may be either union shops or open shops?

Mr. COHEN. Well, you will have to define "union" and you will have to define "open."

Commissioner COMMONS. A union shop would be one in which, as a matter of fact, all of the employees are members of the union.

Mr. COHEN. That is not our understanding of a union shop. The definition of a union shop, according to the protocol, is one where union conditions and hours and conditions of labor prevail and where the employer gives the preference to union men. That is the definition in the protocol of a union shop.

Commissioner COMMONS. Yes; but the ordinary meaning of "union shop" in the contest between employers and employees, as it has been defined to us by the unions here, is that they stand for a union shop, namely, that a man may be admitted to the shop as a nonunionist, but in the course of time he must recognize his obligation to pay dues and support the organization.

Now that, according to your practice there, would come out much the same as the preferential shop; that the employer would let it be known that he preferred to have union men, and as a matter of fact, they would all come into the union?

Mr. COHEN. The effect may be the same, but the difference is a vital difference. It is a difference of method. In one case the union man says, "I will not work by the side of a nonunion man"; and when that is carried out as a general policy in an industry, as it was sought to be in the cloak strike of 1910, it is illegal, and it should be illegal.

Commissioner COMMONS. Would not that be properly called a closed shop, where the union says they will not work with a man who is not a member of the union? The employer then must make his choice between all union men or all nonunion men. Would not that be a closed shop?

Mr. COHEN. I think what you described before is a closed shop, because if it is only a question of an hour or a week before the man shall become a union man, the result is exactly the same. The union man says, "After a certain interval of time, I will not work in this shop with a nonunion man." In the preferential shop the nonunion man is not under any pressure at all. The union man does not say, "I will not work in the shop with a nonunion man." As a matter of fact, to-day we have old men in the cloak industry who have not joined the union since the strike of 1910, and they are not coerced into joining the union, and nobody forces them to join the union, and the union leaders do not try to force them to join the union. They say, "We do not want to join the union," and nobody forces them to.

Commissioner COMMONS. I understand from Mr. Schaffner that in some cases about 40 per cent of the employees were not members of the union and, yet, that is a preferential shop. Would you call such a situation as that an open shop?

Mr. COHEN. No; not an open shop. It is an open shop in this sense, that anybody can come in; but it is not an open shop in the sense in which the trade unionists use the term. In this dress-waist industry, where there has been some difficulty experienced in retaining their girls in the union and in getting them to join the union, there are a substantial number of shops where the number of union members is in a minority instead of a majority. There is all the difference in the world between the method of coercion and the method of education. The theory of the protocol is that a man joins the union because he is made to believe that it is his moral duty to belong to the union and help to support the institution. In the other case he is made to believe that he can not live in the industry unless he joins the union. There is all the difference in the world there; and there is the difference in the strike of 1910; and if this bridge had not been found, there never would have been this agreement between the workers and the manufacturers.

Commissioner WEINSTOCK. If a nonunion man has a grievance in a shop, can he get that adjusted just as fairly and as promptly as a union man can?

Mr. COHEN. He can not get it adjusted through the machinery of the union; and he has not the right to have it adjusted in that way. He has got to go and take it up directly with his employer.

Commissioner WEINSTOCK. I see. Then, he is at a disadvantage?

Mr. COHEN. He is; and should be.

Commissioner O'CONNELL. The tendency of the protocol, then, is to lead the men into the union?

Mr. COHEN. It is.

Commissioner O'CONNELL. The whole machinery tends to bring them into the union—employer and employee?

Mr. COHEN. Yes.

Commissioner O'CONNELL. In forming that protocol, did you have any special assistance from the international union?

Mr. COHEN. In forming the protocol the international officers negotiated it. In the dress-waist industry the international officers united in forming the protocol.

While I am upon this point, may I say that there is always, of course, the difficulty of harmonizing the interests of the local with the interests of the international; but it is my judgment, right or wrong, that it is more desirable to have a collective agreement with an international organization, with leaders of national responsibility, than it is to have one with a local, and, so far as my acting as counsel is concerned, I would never advise an employers' association to sign an agreement with a local.

Commissioner BALLARD. Is the action of the union decisive in the handling of that situation, and is there a sympathetic strike if there is trouble elsewhere?

Mr. COHEN. No, sir; nothing of that sort, and that never has been thought of by anybody.

Commissioner COMMONS. We are much obliged to you, Mr. Cohen. We want to hear Mr. Howard for five minutes, now.

Commissioner WEINSTOCK. Just one more question. You stated this a little while ago and there was a conflicting statement there, and I could not get this clear in my mind. On the one hand, you seemed to think that it was a mistake to have partisans on the arbitration board, and, on the other hand, you pointed out that an outsider would not be familiar with the conditions involved, and could not pass judgment intelligently.

Mr. COHEN. I said that in my judgment the bringing in of outsiders for a specific controversy that involved conditions of the trade would not result in success, because those people would deal with the situation superficially; but bringing in outsiders and constituting them a permanent tribunal, as we do under the protocol, with Mr. Brandeis and Mr. Holder(?), they became educated and know the importance of the interests involved.

TESTIMONY OF MR. EARL DEAN HOWARD—Recalled.

Commissioner COMMONS. Mr. Howard, will you kindly answer one or two other questions?

Commissioner O'CONNELL. Professor, for the purpose of correcting an impression I got this morning, you there gave it as your opinion that the shop of Hart, Schaffner & Marx was an open shop.

Mr. HOWARD. I believe that I said it was a preferential shop. I understood that it was a preferential shop.

Commissioner O'CONNELL. Will you put in the record what you understand a preferential shop to mean?

Mr. HOWARD. Our first agreement came to an end a year ago last spring, after two years, and there was great controversy on that point. In fact, that was the only controversy that was really difficult in getting a new agreement for three years. The preferential shop is defined in the agreement we finally reached. The firm agreed to this principle of preference, which is on page 16 of the little book.

Commissioner O'CONNELL. Yes; I have it here. Let me ask you some questions.

Mr. HOWARD. Very well.

Commissioner O'CONNELL. In the employment of people for the firm, are union men given the preference?

Mr. HOWARD. If there are union men available, they have the preference of employment.

Commissioner O'CONNELL. You apply to their representative or agent to furnish the men if he can?

Mr. HOWARD. Our custom is to make requisitions.

Commissioner O'CONNELL. In the reduction of your force, are union men given the preference? Nonunion men are laid off first?

Mr. HOWARD. Wherever it is necessary to make a permanent reduction of the forces we divide the reduction equally during the slack time, and where it is necessary to make a permanent reduction of the force that is a matter that must be decided by the deputies. The great beauty of our whole arrangement is its flexibility. This matter of these divisions, lettered A, B, C, D, and so on, which you find in the agreement, was a device which we worked out to assist the chairman of the trade board in deciding whether sections were overcrowded, and how to handle them if they were. You will find that these are, however, only temporary, because if it should occur that the people in class A, who are supposed to consist of union people, should determine that they prefer to be nonunion, it would authentically become a nonunion section. It is not a permanent thing, so that you can not say that those sections are closed.

It provides here, in another section below, that if another class becomes organized it then assumes the same position in the arrangement as does class A, and it becomes union at once, and only union men can be employed in that section; that is, providing that any new men augment the section.

Commissioner O'CONNELL. Is this preference, in terms of employment and so on, in any way in conflict with the well-known definition of an open shop?

Mr. HOWARD. We have always been an open shop. Under the present agreement about 80 per cent of the coat shops are nonunion and 20 per cent union. The trousers shops are about 60 per cent union and 40 per cent nonunion.

The beauty of the whole thing is its flexibility. A great many people who have been educated to the point where they would become good unionists do not care to. Especially among Catholics there is opposition to the union and there is opposition to it by the parents of the younger girls, because they do not care to have them go to meetings at night.

Commissioner O'CONNELL. Have you had an experience of that kind?

Mr. HOWARD. Yes; frequently. Those matters are taken into account with the deputies and the deputies have been very fair about it. We have usually considered these things on the rule of justice, the rule of reason, and we have departed frequently from the letter of the law, by mutual consent, because, as I have said, Mr. Hillman has developed a very high sense of justice, and if we can find that in a particular controversy there is a rule of justice and reason that is apparent to both of us we follow that, notwithstanding the letter of the law; and Mr. Hillman's influence is so high with his own people that he can explain it to them, and his explanation is accepted.

Commissioner O'CONNELL. The reason that induces men to go into the union is because of the preference they get in their positions, and the preference in treatment they get, in the laying off of men, and so on. Is not that true?

Mr. HOWARD. In a great many sections it is not necessary to lay them off in the summer time.

Commissioner O'CONNELL. Well, not that. If I can obtain a job by joining the union, I will naturally do so. There must be a purpose in a man joining a union.

Mr. HOWARD. I think the majority of the sections containing men who are fairly permanent and who are fairly skilled in their trade will become union, and as soon as they are educated so as they understand the agreement, and will then have a sense of justice to abide by the rules.

Commissioner O'CONNELL. The purpose in having a protocol, an agreement, or whatever you may call it, is that there must be some inducement for it. What they had in mind must have been to lead men in in order that they may deal with them generally, on some plan of incorporation, rather than individually.

Mr. HOWARD. You see, this whole thing has been a matter of education.

Commissioner O'CONNELL. Yes; that is all.

Commissioner WEINSTOCK. Do you deal only with the representatives of your own workers, or do you deal with the representatives of the federation?

Mr. HOWARD. It happens that the representatives of our own workers are the only representatives with whom we have to deal.

Commissioner WEINSTOCK. You do not deal with the representatives of the national association?

Mr. HOWARD. Not at all. The national association is very much in disfavor. Indeed, there is a great deal of antagonism between the local organizations and the national in our city.

Commissioner WEINSTOCK. You differ in that with Mr. Cohen, who said that he would not advise an employer to negotiate with a local. You negotiate only with the local?

Mr. HOWARD. Yes.

Commissioner WEINSTOCK. How do you get the highest efficiency from non-pieceworkers?

Mr. HOWARD. The piecework system itself takes care of that.

Commissioner WEINSTOCK. Is it all piecework in your business?

Mr. HOWARD. Wherever it is possible. Practically 95 per cent of it in all the sections.

Commissioner WEINSTOCK. You do not have that other problem to deal with?

Mr. HOWARD. No.

Commissioner DELANO. Is the local with which you deal affiliated with the American Federation of Labor?

Mr. HOWARD. Mr. Hillman can answer that.

Commissioner O'CONNELL. It is, in the international department.

Mr. HOWARD. Yes; they sign themselves "International Garment Workers of America."

Commissioner DELANO. Do your trade committees settle troubles in which these nonunion men may be involved?

Mr. HOWARD. No. The representatives of the employees, the real representatives who represent the unions, have nothing to do with nonunion people. They are taken care of by the Labor Department. The Labor Department hears all grievances first and makes an effort to correct all of them, wherever they exist. They correct any union complaints and nonunion complaints, and they are disposed of in the same way, of course, and there is no appeal for the nonunion man, whereas there is for the union man.

Commissioner DELANO. You spoke of Mr. Hillman accomplishing a great deal by his sense of justice. I got the impression that he helps out in the case of nonunion as well as union men. Is that correct?

Mr. HOWARD. Of course, Mr. Hillman is a very liberal-minded man. We have discussed problems concerning nonunion men together.

Commissioner O'CONNELL. But the benefits secured by the union men are secured also by the nonunion men, are they not?

Mr. HOWARD. No; only to this extent: A complaint comes to a deputy on either side, then it is brought to me, and I have the first judicial settlement of it, but that is as far as the nonunion man can go. If he union man objects to my decision he can go to the trade board, and if he objects to the decision there he can go to arbitration.

Commissioner O'CONNELL. Suppose you make an increase in wages of 10 per cent. Do you give that to the nonunion men?

Mr. HOWARD. We have never had a case of that kind; we do not increase wages in that way. Generally, when the first increase was made, we had a 10 per cent increase given, and that 10 per cent applies to everybody, of course.

Commissioner COMMONS. We are much obliged to you, Prof. Howard.

At the afternoon session the commission will divide into two sections. In this room those concerned with the printing trades will appear, and in the offices of the commission, on the ninth floor of the Southern Building, across Fifteenth Street, those concerned with the building trades will appear at 2 o'clock.

(At 1 o'clock p. m. the commission took a recess until 2 o'clock p. m.)

AFTER RECESS—2 O'CLOCK P. M.

PRINTING TRADES.

Pursuant to the arrangement announced before the noon recess, that portion of the commission to consider the printing trades met in the assembly room of the Shoreham Hotel at 2 o'clock p. m.

Present: Commissioners Commons (presiding), Weinstock, and O'Connell.

Present also for the commission: Mr. George E. Barnett, special investigator, and Mr. F. H. Bird, superintendent Division of Public Agencies.

TESTIMONY OF MR. JAMES M. LYNCH.

Mr. BARNETT. Mr. Lynch, will you give the reporter your name and present address and official position?

Mr. LYNCH. James M. Lynch, commissioner of labor of the State of New York; Syracuse, N. Y.

Mr. BARNETT. Will you also state, Mr. Lynch, what official connection you have had with the International Typographical Union?

Mr. LYNCH. I was its president for more than 13 years.

Mr. BARNETT. What dates?

Mr. LYNCH. From the latter part of 1900 until January, 1914.

Mr. BARNETT. Will you describe the original form of the arbitration agreement between the International Typographical Union and the American Newspaper Publishers' Association?

Mr. LYNCH. The agreement, in its original form, made in the latter part of 1900, and effective for one year, provided for the arbitration of the disputes arising under a written or verbal contract, and the arbitration was to be a board consisting of three men, the president of the International Typographical Union, the commissioner of the American Newspaper Publishers' Association, and a local man chosen by them, who acted as chairman of the board. Shall I go on?

Mr. BARNETT. I would like to have you state at this point what the substantial parts of the arbitration were. What did they secure to the publishers who had such arbitration agreements?

Mr. LYNCH. Under that first agreement, under a written or verbal contract, it secured the continuation of work and the appearance of his paper regularly.

Mr. BARNETT. There was to be no cessation of work under that contract?

Mr. LYNCH. No cessation of work under that contract; no.

Mr. BARNETT. What was the first change made in the form of the agreement?

Mr. LYNCH. The second agreement provided for arbitration of disputes arising in the making of new labor contracts, and also for the arbitration of disputes arising under those contracts.

Mr. BARNETT. At what time did that take effect?

Mr. LYNCH. That was in 1901, I think. By the way, I have those agreements, or I expect them here. I had hoped they would be here this morning, but they have not yet arrived.

Mr. BARNETT. We will be glad if you will file copies of them with the commission.

Mr. LYNCH. That agreement was for five years, and retained the arbitration board made up as I have described it, and with the addition of arbitration of disputes arising under the making of new contracts, which meant arbitration of wage scales.

Mr. BARNETT. That agreement was to extend from 1902 to 1907?

Mr. LYNCH. Yes.

Mr. BARNETT. Was that agreement satisfactory? Did it work out satisfactorily?

Mr. LYNCH. No; it did not work out satisfactorily so far as the arbitration board was concerned. It was not satisfactory so far as the selection of the third man was concerned.

Mr. BARNETT. What was the difficulty?

Mr. LYNCH. It seemed to be in what we called the hit-and-miss character of the third man's decisions, the impossibility of teaching him the newspaper business in the course of the arbitration of the dispute.

Mr. BARNETT. You heard Mr. Cohen testify this morning as to the very great advantages which have accrued under the New York protocol from having clergymen and university professors and lawyers decide the cases—although I do not believe clergymen have decided the protocol, but professors and lawyers. Was your experience similar to that of Mr. Cohen?

Mr. LYNCH. That is, under the second agreement?

Mr. BARNETT. No; the first agreement, as to the arbitrator?

Mr. LYNCH. It is the second five-year agreement. Our experience with the clergymen and others was not satisfactory, not satisfactory at all. In very few cases, I think, was the third man able to grasp the issues involved, and able to understand the conditions in composing rooms, and able to get a grasp of the newspaper business generally.

Mr. BARNETT. Was any change made in the agreement between 1902 and 1907?

Mr. LYNCH. There was no change made that I remember in that agreement, but in the next agreement the local board of arbitration was changed to four men, two representing the publishers, two representing the union, with an appeal to the international board, made up of the three members of the executive council of the International Typographical Union and the three members of the special standing committee of the Newspaper Publishers' Association. That agreement worked out very satisfactorily so far as the settlement of disputes was concerned, except that there were very few occasions when the local board was called into existence. The publishers and the union would

attempt to make selections and fail, and then the cases would be referred, under the provisions of the agreement, to the international board, which met at Indianapolis; and as a result all of those cases were coming to the international arbitration board. While they settled them, yet it was not satisfactory to the members of that board. But they did settle all with the exception of one case.

Mr. BARNETT. Was it the idea that those four men in the local board should be members of the union and publishers, or was it the idea that they should select independent men?

Mr. LYNCH. They could be members of the union. They were selected by the union with perfect freedom and the publishers with perfect freedom. They could be outsiders, but the practice was they were members of the union.

Mr. BARNETT. Those boards were very rarely formed?

Mr. LYNCH. Very rarely formed.

Mr. BARNETT. In 1912 you formed a new agreement with the American Newspaper Publishers' Association?

Mr. LYNCH. Yes.

Mr. BARNETT. And that is to run until 1917?

Mr. LYNCH. Yes.

Mr. BARNETT. What change was made in that agreement with reference to these local arbitration boards?

Mr. LYNCH. The first was composed of five members, one member the direct representative of the publisher, one member the direct representative of the union, one member to be chosen by the publishers who was not associated with the publishing industry, one member to be chosen by the union who was not associated with the trade unions, and they to select the fifth member, who acts as chairman of the board. The full board hears the cases presented, and then the four original members retire in executive session and attempt to come to an agreement on all questions in dispute, and if they are unable to agree on all of the questions, or any of them, they then call in the chairman, and he has a vote on the disputed question. They have tried to limit the activities of the local chairman as much as possible.

The ACTING CHAIRMAN. I did not understand how that second employer representative is selected?

Mr. LYNCH. He is to be an employer who is not associated with the newspaper industry.

The ACTING CHAIRMAN. Any employer outside of the newspaper industry?

Mr. LYNCH. Yes; any employer outside of the newspaper industry.

Mr. BARNETT. Anybody but the particular employer whose contract is being arbitrated?

Mr. LYNCH. An employer or association of employers.

Mr. BARNETT. Has that reduced the number of cases coming up to the international board?

Mr. LYNCH. I think it did. It was in operation comparatively a short time when I ceased active connection with the organization as an officer and it has not had an opportunity to work out yet. I think it has reduced the number of cases.

Mr. BARNETT. What kind of questions do the local board and the national board have power to settle? Have they power to settle any questions and all questions relating to the relations of employers and employees, or are there reservations?

Mr. LYNCH. They can pass on disputed questions as to wages, hours, and working conditions; they can not pass on the international law; they can not arbitrate as to whether the office shall be a union office or not; nor can they pass on any local law that does not affect wages, hours, and working conditions. Even though the international law may deal with them, they can not arbitrate them, nor can the employer, because he accepts them when he signs.

Mr. BARNETT. Then the union office is part of the international law—the union?

Mr. LYNCH. Yes.

Mr. BARNETT. So that the international agreement is only made with union publishers?

Mr. LYNCH. The agreement is made in the first place with the I. T. U. and the A. N. P. A., and it is optional with the publishers' association and the local union as to whether they will make this agreement effective or not. The two parties provide a commissioner for arbitration, and it is then conditional for the union and the publishers whether they will accept it or not, but in this new

agreement in the majority of instances the newspapers and unions had arbitration agreements under the old agreement from 1907 to 1912, and they accepted the new agreement. There may be some exceptions.

Mr. BARNETT. What are the shop rules embodying the international law of the typographical union; what are the chief rules which would concern the publisher, in which he is concerned, which are laid down in the international law?

Mr. LYNCH. Well, the six-day law would concern him; the general policy of the union office would concern him; the laws relative to apprentices would concern him; the law relative to reproduction of previously used matter also would concern him.

Mr. BARNETT. And the priority law?

Mr. LYNCH. The priority law also would concern him, and there are several others.

Mr. BARNETT. How are those laws enacted?

Mr. LYNCH. The general laws and amendments to the by-laws are enacted by conventions, except where they concern the dues of the membership. What constitutional changes and amendments are passed upon by the referendum are enacted in the first place by the convention and then referred to the referendum; or they may be initiated by a certain number of unions and then referred to the referendum; but as a matter of fact there are very few amendments initiated by the local unions; they mainly come from the convention.

Mr. BARNETT. Have the publishers objected to having such laws enacted without some participation on their part in the consideration of those rules?

Mr. LYNCH. The publishers' association under the International Typographical Union law is entitled to be heard by its representative in connection with any law that affects the law of the A. N. P. A. As to whether they object to the laws—I think they do object to them. I think they object to several of the laws, but they take out these arbitration contracts and accept them.

Mr. BARNETT. I do not know whether you happened to be here yesterday and heard the testimony of Mr. Hogan and Mr. Valentine as to the agreement in the Stove Founders' National Defense Association.

Mr. LYNCH. I was not here.

Mr. BARNETT. If I might recapitulate briefly what was said, it was said with reference to that agreement that no rule of the molders' union is binding or considered as binding on the stove foundries unless that rule has been adopted by the national conference, composed of three molders and three founders. Would you regard a system of that kind as preferable to the system now in vogue between the typographical union and the publishers, or would you regard the present system by which working rules can be set by the union alone as a preferable system?

Mr. LYNCH. The working rules are not set by the international union.

Mr. BARNETT. I mean the working rules—these priority laws, and so on?

Mr. LYNCH. The international union agrees to initiate general principles which they feel should apply to the trade, and, as far as my experience goes, before they adopt these general principles they are considered from every viewpoint. Whenever the convention within its powers adopts a general principle it refers it to the referendum and they pass or reject. And I prefer that system, because it gives the workingmen, expressed through this international association, the right, which I think they should have, to initiate these broad general principles which should apply to employment.

Mr. BARNETT. Suppose you explain to the commission the rule of the typographical union with reference to priority.

Mr. LYNCH. We have a system of substitutes, substitutes in a union office who work for other men who hold regular positions when they are off for a day or two, or whatever length of time. They also work for the office when there is extra work to do. Our priority law requires that the oldest substitute on the floor shall be given the first, regular situation that he is competent to handle, and that reductions in the force shall be made in the same way; the last man on shall be the first man off, the requirements of the office being taken into consideration.

Mr. BARNETT. Does that rule apply to the local unions pretty thoroughly throughout the United States?

Mr. LYNCH. Yes.

Mr. BARNETT. Is it enforced in such a way as to raise objections on the part of the publishers to-day in places?

Mr. LYNCH. There may be individual objections; but, taking the field as a mass—the North American Continent—the objections have been very few.

Mr. BARNETT. It is regarded by the publishers as a whole as a fair rule, you think?

Mr. LYNCH. I think it is.

Mr. BARNETT. You spoke of the rules with reference to the exchange of matrices; what is that rule at the present time?

Mr. LYNCH. The rule prohibits the use of previous matter; that is, the exchange of local matter or news matter or local advertisements between local newspapers without their being reset within a certain time specified by the local union. Well, not by the local union, but in the local contract agreed to by the publishers as to the time these previously used mats shall be reproduced.

Mr. BARNETT. Is that rule satisfactory to the publishers?

Mr. LYNCH. Some of the publishers object to that rule, but I think they do it more as a matter of having something to object to than they do as a matter of principle. I think a great many publishers are as heartily in favor of that rule as is the union.

Mr. BARNETT. To a layman it may seem rather incomprehensible why they should favor it. Will you explain to the commission why you think so?

Mr. LYNCH. I think it is a matter of self-preservation to a large number of newspapers. Where publishers who control a chain of newspapers would be able to publish those newspapers at greatly decreased cost, and competing at the same time with some local newspaper that would have to pay the full cost, I think perhaps one local newspaper would have gone out of business in a great many instances.

Mr. BARNETT. It is an old rule, is it not?

Mr. LYNCH. It is older than I am.

Mr. BARNETT. As far as you understand the reasons for not abandoning that rule, are they partly a desire on the part of the publishers to keep in existence these papers that otherwise would be driven out of existence? Is that it?

Mr. LYNCH. No; I think that when a condition will arise when it will be possible for the International Typographical Union to make an agreement with the A. N. P. A. under which this rule can be abolished with justice to both there will be very little objection to abolishing it. I think the sentiment is working that way, and our people think they have an interest in the publishing industry, and they want the rule conserved.

Mr. BARNETT. In what way?

Mr. LYNCH. In the same spirit in which the machine was accepted—that it should tend to a reduction in the number of hours of labor in the composing room.

Mr. BARNETT. In other words, in the exchange for the abandonment for this old rule, in existence for many years, the union should receive even in the form of hours or wages or some other amelioration of working conditions some advantage.

Mr. LYNCH. I think they prefer it in the form of hours.

Mr. BARNETT. Do the printers object to the use of nonunion products in any way—type, for example?

Mr. LYNCH. Well, the use of mats and plates of foreign advertisements is permitted, and the use in many instances of mats of news features, syndicate features, is permitted, and the source of the news features is so well known that there is nothing to object to; they are all union mats. I never have heard any objection.

Mr. BARNETT. How about photo-engraved plates, not only in newspapers but elsewhere? Is there any attempt on the part of the Allied Trades Council to require the use of union plates of any kind, or materials of that sort, and refuse to use the products of nonunion photo-engravers?

Mr. LYNCH. The tendency of the Allied Trades Council is toward the use of the union products. There may be instances where they object to the use of photo-engraved plates that are nonunion, and this must be taken into consideration on the sanitary question, that the international unions operating in the printing industry are so thoroughly organized that there is very little of that to object to.

Mr. BARNETT. There is very little nonunion photo-engraved product?

Mr. LYNCH. I think very few.

Mr. BARNETT. Would you regard it as a feasible thing in the printing trade to have a national rate of wages set annually by the Newspaper Publishers' Association and the conferees of the two associations, this rate not necessarily to be a single rate for the entire country, but to be differentiated and agreed on according to the sections of the country?

Mr. LYNCH. You mean on the zone system?

Mr. BARNETT. Something of that sort.

Mr. LYNCH. I don't think it would be practicable.

Mr. BARNETT. Why not?

Mr. LYNCH. Conditions differ very much in different localities. You will find in one city, a small city, for instance, like Muncie, where the wage scale is very high; we will find another city of 30,000 people, like Muncie, where it is not so much, where it is very much lower, and the conditions in that locality must be taken into consideration; and a wage scale that could be borne by a Muncie newspaper with apparent comfort and ease, and who could well afford to pay it and was willing to pay it, could not be borne by another city of 30,000 in the same zone; and that is so of the book and job industry, too.

Mr. BARNETT. So that you do not regard it as likely to come about in the printing trade that there shall be a single national rate set, as in the stove founders' association or the glass trade or the pottery trade, where the rate is set for the United States, or as it practically is in the coal-mining industry? In other words, I want to bring this out: Your system is the only system of collective bargaining that we have heard of in which there is not a national wage rate—the only successful one.

Mr. LYNCH. I do not think it would be practicable to make it national.

Mr. BARNETT. All the other systems of collective bargaining which we have heard about which did not have a national rate, as, for instance, the national founders, have gone to pieces. Yours is the only one of its kind that has endured. Do you regard it as essential or necessary that it should go on in its present form by having these wages settled by the local board?

Mr. LYNCH. I can not understand a condition by which a national wage scale would be possible, except a monopolistic tendency in the control of newspapers and commercial work. If we ever come to a point where a monopoly could control that work, either in Chicago, Pittsburgh, Boston, New York, or San Francisco, or where newspapers issued at a certain point would make it unprofitable to issue local papers—

Mr. BARNETT. I did not mean by a national wage scale the same rate all over the United States. It might be differentiated according to the sections of the country, having a Pacific coast section, or according to the size of the city. You do not think that? You think that in the Middle West, like Indiana, for example, in a State like Indiana you might have two towns of 25,000 people in which the rate of remuneration for apprentices is so different that it would be practically impossible for those rates to be brought up to an equality without deranging the trade?

Mr. LYNCH. It would be practically impossible in making a wage scale in the way you outline it. The tendency would be toward equalization, even in the making of a wage scale locally, as conditions justified that. The wage scale in the second city would gradually approach the wage scale in the first city; and I would not regard it possible to make the wage scale by zones in the way that you indicate.

We made an examination of that and investigated it as well as we could, and reported to the convention against a proposition of that kind.

Mr. BARNETT. Was that printed?

Mr. LYNCH. In the proceedings.

Mr. BARNETT. When was that?

Mr. LYNCH. I think two years ago.

Mr. BARNETT. I will not bother about that. I will get that myself.

Mr. LYNCH. I think you will find it in the Cleveland proceedings.

Mr. BARNETT. Now, about these local rules; that is, the rules of the local union. You say that when the publisher has a contract—takes one of these national contracts—that any rule the local union may adopt which is not simply an interpretation of national rules can be arbitrated under the contract?

Mr. LYNCH. Only the laws that it adopts that affect wages—hours and working conditions. Those are subject to arbitration.

Mr. BARNETT. I did not mean the internal rules of the local unions.

In other words, if the local union adopted an apprenticeship ratio—there is no national apprenticeship ratio in the typographical union, if I remember correctly?

Mr. LYNCH. You are correct.

Mr. BARNETT. If the Baltimore local union, for instance, should adopt an apprenticeship ratio, that apprenticeship ratio would be subject to arbitration?

Mr. LYNCH. Yes, sir.

Mr. BARNETT. And it would not go into force, as I understand it, and could not go into effect until the expiration of any agreement which was already in force; that is, the Baltimore union could not enact an apprenticeship law until 1917 different from what it is now?

Mr. LYNCH. It could enact a new apprenticeship regulation if the local labor contract was about to expire. Then that new apprenticeship ratio would be subject to arbitration if the employers objected to it.

Mr. BARNETT. How long do these local contracts ordinarily stand?

Mr. LYNCH. The popular period is three years. They are made for one, two, three, and five years, but the popular period is three years.

Mr. BARNETT. Has there been any difficulty in enforcing the awards of arbitration boards on publishers? Has there been any difficulty where an award was given by the national board in getting a publisher to carry that out in good faith; has there been any complaint on that score?

Mr. LYNCH. Not any great difficulty. There have been minor difficulties, but the publishers, through their representatives or through their special standing committee, very quickly straightened that out.

Mr. BARNETT. You take that up with Mr. Kellogg?

Mr. LYNCH. We take that up with Mr. Kellogg, and he takes it up with the publisher. If the publisher still refuses to abide by the award, as interpreted by Mr. Kellogg, it is taken up with the special standing committee, of which Mr. Kellogg is a member, and they tell the publisher he has to abide by that award, and he abides by it.

Mr. BARNETT. Has there been any complaint on the part of the publishers that the local union or the typographical union has not acted in accordance with agreements which they have with the publishers?

Mr. LYNCH. Not in 10 years. One of the chief factors of the entire arbitration history of the International Typographical Union has been the opportunity afforded the president of the International Typographical Union and the representative of the publishers to settle these minor disputes as they come up—disputes that formerly caused strikes, starting with some minor thing and growing into a matter of principle, and strikes resulting. There are numberless questions of that kind that are adjusted in Indianapolis by the president of the International Typographical Union and representative of the American Newspaper Publishers' Association. Any question of the union abiding by its local contract or arbitration award, or the publisher abiding by his local contract or arbitration award, will be taken up in that way in the first instance and adjusted—adjusted in ninety-nine cases out of a hundred.

Mr. BARNETT. Does the contract permit unions to go on sympathetic strikes?

Mr. LYNCH. It does not.

Mr. BARNETT. That is absolutely binding?

Mr. LYNCH. The local labor contracts contain clauses providing for sympathetic action if the employer has refused arbitration, the employer who has difficulty with some other union or sister union and has refused arbitration. If arbitration has been refused through the fault of the employer, then the local union is free under its local contracts.

Mr. BARNETT. That is, it inserts that into the national contract?

Mr. LYNCH. Into the labor contract or local contract.

Mr. BARNETT. Has there been any difficulty at times in restraining unions which were anxious to go on sympathetic strikes, but which were forbidden to do so by the agreements which they had with the publishers?

Mr. LYNCH. It all depends upon the definition of the word "difficulty." The fact remains that they have not gone on strike.

Mr. BARNETT. Can you give the commission some idea of the kind of difficulties which may arise, by a typical case?

Mr. LYNCH. The difficulty, if it would be termed such, is in explaining to the local union the nature of the local contentions and its obligations under the contract, and we have never had any difficulty with one of our local unions abiding by its local contracts and its international law when the situation was fully explained. We have that opportunity before the strike occurs.

Mr. BARNETT. Is there any power, or what power of discipline is there in the national union?

Mr. LYNCH. The executive council can deprive the local union of its charter for violation of contract or violation of international law.

Mr. BARNETT. Have you ever taken a charter away from a local union because of violation of contract?

Mr. LYNCH. We have never had occasion to do so. We have had violations of contracts in rare instances, but the local union very quickly reinstated the contract when its attention was called to conditions.

Mr. BARNETT. The national officers have threatened, then, on occasion, to discipline local unions by depriving them of their charter?

Mr. LYNCH. Yes.

Mr. BARNETT. What would be entailed upon a local union in the International Typographical Union by deprivation of its charter? What effect would that have on the men?

Mr. LYNCH. They would lose their continuous membership in the international organization. The process would be that we would immediately organize from within the membership of the defunct union a new union that would abide by the contract.

Mr. BARNETT. I mean with reference to the men.

Mr. LYNCH. The people who were formerly members of the old union would lose their continuous membership in the International Typographical Union and would lose their membership.

Mr. BARNETT. What would that involve?

Mr. LYNCH. Loss of continuous membership would involve mortuary benefits and pension benefits. From the international standpoint it would involve the right of admission to the Union Printers' Home, and, in many instances, from the local standpoint would involve the sick benefits, which would be totally demolished if the local union was destroyed.

Mr. BARNETT. Do you think the discipline of the typographical union has been improved by the institution of these benefits? Do you think that they have been a valuable addition to the functions of the typographical union?

Mr. LYNCH. I think they have been of value in the way of discipline; but I think that the age of the organization, the crises through which it has passed, and the difficulties and obstacles that it has overcome have so educated the membership that there is that feeling of loyalty to the organization that brings compliance with its laws, as has been demonstrated on the occasions when it was necessary to make a stand.

Mr. BARNETT. Do you regard, Mr. Lynch, the method of conciliation—that is, the method of having three or four people on each side settle questions—as a more practical method of settling particular matters than by arbitration, by the bringing in of the odd man?

Mr. LYNCH. If a form of agreement should be evolved that would be workable, I think it would be much preferable. As I explained to you, the present agreement allows a fifth man locally to participate only under certain conditions defined in the contract, and, internationally, the international arbitration board calls in the seventh man only on rare occasions, and then only by unanimous vote of the board.

Mr. BARNETT. Have there been occasions when the international board has called the seventh man?

Mr. LYNCH. There have been two occasions.

Mr. BARNETT. So you would agree in general, then, with the molders that the ideal method of settling a trade dispute is by equal members on each side, if it can be attained, rather than by arbitration?

Mr. LYNCH. I think it is a preferable method. I say that with the reservation that we have not had sufficient experience under this new agreement to know how it will work out, but I think from my knowledge of arbitration, extending over more than a dozen years, it is a preferable method.

Mr. BARNETT. Has the typographical union at the present time any contract with the typothetæ?

Mr. LYNCH. We have no general contract with the typothetæ.

Mr. BARNETT. Did you ever have one?

Mr. LYNCH. We never had a contract during my time with the typothetæ. We did have an agreement with the typothetæ at one time, under which the nine-hour day became effective. That is the only general contract we had, and was with the United Typothetæ of America; that is the only general contract with them that I have any knowledge of.

Mr. BARNETT. That was simply an agreement for a particular purpose?

Mr. LYNCH. For a particular purpose.

Mr. BARNETT. For the purpose of putting into effect a 9-hour day?

Mr. LYNCH. Yes.

Mr. BARNETT. The typothetæ is an organization of book and job publishers?

Mr. LYNCH. An organization; yes.

Mr. BARNETT. What is the other organization?

Mr. LYNCH. The Printers' League of America is one of the organizations, and there was until recently the Ben Franklin Clubs, but I understand the Ben Franklin Clubs are now a part of the United Typothetæ.

Mr. BARNETT. How did your organization deal with the typothetæ and Printers' League, and formerly with the Ben Franklin Clubs?

Mr. LYNCH. We deal with them as between the local unions and the local organizations of master printers.

Mr. BARNETT. In your relations with them, a local union has the power to make an agreement as to what matters?

Mr. LYNCH. As to wages, hours, and working conditions.

Mr. BARNETT. Can the local union in its contract waive rules of the international union?

Mr. LYNCH. Not the international law.

Mr. BARNETT. So the same rule applies in book and job offices as in the publishing departments; that is, that the laws of the International Typographical Union are in force in every union shop? That is, no local union can waive those laws?

Mr. LYNCH. No local union can waive the laws; but the enforcement of the priority law, for instance, is not as general in the book and job offices as it is in the newspaper offices, because conditions are different. The occasion for its enforcement does not arise so frequently.

Mr. BARNETT. Do you remember whether this question of the enforcement of the international law in book and job offices ever came up between your organization and theirs? Has there ever been any provision about that?

Mr. LYNCH. The United Typothetæ some years ago as an organization refused to make an agreement with the International Typographical Union—or you can put it the other way: We refused to make an agreement with the United Typothetæ because we insisted on strictly union offices.

Mr. BARNETT. The particular point was that they objected to having all the workmen members of the union?

Mr. LYNCH. They objected to making a general union contract.

Mr. BARNETT. Did they object to the union foremen, specifically?

Mr. LYNCH. I do not remember that they objected to the union foremen specifically. The general objection was to the union contract, such as we had with the American Newspaper Publishers' Association. At that time the negotiations were broken off, and then a few years afterwards the great 8-hour strike occurred, and at the present time there is a much better feeling between the United Typothetæ of America and the majority of its members, on the one hand, and the International Typographical Union on the other hand.

Mr. BARNETT. What is the rule of the International Typographical Union with reference to foremen?

Mr. LYNCH. That they must be members of the organization.

Mr. BARNETT. Has there been any objection to that on the part of the newspaper publishers?

Mr. LYNCH. There is in some instances. There has been no general objection, which is made largely, I think, for effect in certain cases.

Mr. BARNETT. Are there any reasons for this objection?

Mr. LYNCH. The reasons they advance are that he should be a free agent. We point out that he is a free agent, and the discussion usually ends there.

Mr. BARNETT. Would you personally regard the conciliation of a contract, such as you now have with the Newspaper Publishers' Association, with the United Typothetæ, as desirable? In other words, has the contract of the American Newspaper Publishers' Association worked so well that you would like to see it extended to every branch of the industry?

Mr. LYNCH. Yes, sir; I should be delighted to see a similar contract with the United Typothetæ of America.

Mr. BARNETT. I infer you regard the contract with the American Newspaper Publishers' Association as a distinct success?

Mr. LYNCH. An eminently satisfactory contract, so far as the National Typographical Union is concerned.

Mr. BARNETT. Mr. Chairman, Mr. Lynch desires to leave as promptly as possible, and I have said that I would ask you in his case not to take up more of his time than is absolutely necessary, so that he may leave at the earliest possible moment. Will the commission now ask such questions as they have?

The ACTING CHAIRMAN. Mr. O'Connell, do you desire to ask anything?

Commissioner O'CONNELL. Mr. Lynch, have you time to just answer one question as to your experience with collective bargaining as against individual bargaining?

Mr. LYNCH. The only kind of bargaining we have, Mr. O'Connell, is collective bargaining. There is no such thing in the International Typographical Union as individual bargaining, with possibly the exception of the foremen.

Commissioner O'CONNELL. What I mean to convey is your experience as to the benefit derived by the men in the printing trade.

Mr. LYNCH. Collective bargaining has been in effect in our organization for a number of years, and it has had its growth with the present century, and I regard it as one of the best things we have. It makes conditions stable. There is a definite understanding between employers and composing-room employees as to just what the conditions shall be for a stated period of time.

The ACTING CHAIRMAN. Mr. Weinstock, do you wish to ask anything?

Commissioner WEINSTOCK. Will you please explain, Mr. Lynch, what is the method of procedure if a dispute arises locally between an employer and his union?

Mr. LYNCH. Under an arbitration contract?

Commissioner WEINSTOCK. Yes. As I understand it, there are two separate and distinct bodies with which you deal, the newspaper publishers on the one hand, and the book and bindery people on the other hand.

Mr. LYNCH. The commercial employer on the other hand.

Commissioner WEINSTOCK. That includes what?

Mr. LYNCH. The commercial employer includes any printing office that does book and job work.

Commissioner WEINSTOCK. That is a separate and distinct body from the newspaper men?

Mr. LYNCH. Yes.

Commissioner WEINSTOCK. You have two separate agreements?

Mr. LYNCH. Yes. Even where a newspaper conducts a book and job office as a branch of it, we have two separate contracts with those offices.

Commissioner WEINSTOCK. What happens in a dispute arising in a newspaper office between employer and workmen? What method of procedure is followed?

Mr. LYNCH. Under the arbitration contract they must make an effort to adjust it locally.

Commissioner WEINSTOCK. What machinery is used?

Mr. LYNCH. The officers of the union, and if there is a publishers' association, the officers of that association. In the absence of the publishers' association—and there are numbers of instances where they have no association because they can not always agree—the particular paper that might have difficulty, the proprietor of that paper, or the business manager, will get together and attempt to adjust this difficulty.

Commissioner WEINSTOCK. And failing?

Mr. LYNCH. Failing, they can proceed to local arbitration; but the representatives of the American Newspaper Publishers' Association and of the International Typographical Union handle the matter, except that in disputes arising under contract, they should come direct to the officers at Indianapolis, and if those two representatives are unable to settle it, then go direct to the International Board of Arbitration. We find there is comparatively little difficulty in adjusting a dispute arising under contract. If we can get it to this board of arbitration, as before a board of experts, in a very large number of instances there is no difficulty. My contention, while I was a member of that international board, was that it took only a very short time to secure a unanimous agreement on any dispute arising under a written contract.

Commissioner WEINSTOCK. Is cessation of work meanwhile permissible?

Mr. LYNCH. No; work must be continuous. There can be no strike, and no lockout.

Commissioner WEINSTOCK. If the work is discontinued, the local union then is liable?

Mr. LYNCH. If the work should be discontinued. The work is not discontinued.

Commissioner WEINSTOCK. If it should be discontinued, the local union would be liable to the international?

Mr. LYNCH. If they discontinued that work they would be.

Commissioner WEINSTOCK. Are employers generally friendly or hostile to the unions?

Mr. LYNCH. To unions?

Commissioner WEINSTOCK. Yes. Is the attitude friendly toward the union movement among the newspaper people, or are they hostile to it? Do they accept it as an unavoidable evil, or do they look upon it as a good thing?

Mr. LYNCH. I think in great measure, in a majority of cases, the newspaper publisher looks upon the employment of union labor as a good thing.

Commissioner WEINSTOCK. He would rather have it than not have it?

Mr. LYNCH. Yes.

Commissioner WEINSTOCK. Will the same condition prevail in the commercial printing?

Mr. LYNCH. I think it does, in the instances where the commercial employer is conducting a union office. I think there is no great objection to union labor, if the proposition is systematized. In the commercial branch of the industry, competitive so far as wages are concerned, the industry is on the same basis.

Commissioner WEINSTOCK. All employers start out on an even basis, so far as labor is concerned?

Mr. LYNCH. Yes; so far as labor is concerned.

Commissioner WEINSTOCK. Do the unions object to the bonus system for extra efficiency?

Mr. LYNCH. We do not object to the employer paying the employee any wage he sees fit, above the wage scale.

Commissioner WEINSTOCK. Whether in the form of a bonus, or otherwise?

Mr. LYNCH. If it is a bonus for a stated amount of work, we do not permit it in the typographical union.

Commissioner WEINSTOCK. You do not permit it?

Mr. LYNCH. No, sir.

Commissioner WEINSTOCK. You put a limit on the output of each individual?

Mr. LYNCH. No, sir; we do not put a limit on the output, but we do not permit the payment of a bonus for the setting of so much extra type. A man can set all the type he pleases, and get paid as much as it is worth, but he can not do that in any private contract. His bargaining for his wage is done by his union, and is not a matter between him and the employer as to the certain amount of work he will do.

Commissioner WEINSTOCK. You said the employer could pay more if he chose.

Mr. LYNCH. Pay them all he pleases above the wage scale.

Commissioner WEINSTOCK. But not for additional work?

Mr. LYNCH. He can not make a separate bargain with that man.

Commissioner WEINSTOCK. My reason for asking that is that while I was in Sydney, Australia, talking with a newspaper publisher, he said he offered his men a certain bonus if they could set a certain thousand ems, and that his men generally were very much pleased with it, and some of them made quite a good deal in the way of bonus, and the union came along and forbade it.

Mr. LYNCH. We permit the bonus if it is expressed in the wage scale.

Commissioner WEINSTOCK. If it is made a part of the contract?

Mr. LYNCH. If it is made a part of the contract. Then every man has the same opportunity to be paid the bonus, if he can earn that bonus. We permit that bonus if it is expressed in the contract.

Commissioner WEINSTOCK. You say there is no limit fixed as to the output; that the men are at liberty to earn as much as they can?

Mr. LYNCH. I never knew the limit. I saw where a man set 120,000 the other day, and I think that is pretty near the limit.

Commissioner WEINSTOCK. The charge has been made to me by newspaper employers that the union compels them to employ more pressmen, for example, than actually necessary.

Mr. LYNCH. You will have to ask that question of Mr. Berry, who is president of the International Pressmen and Assistants' Union, and is here to testify.

Commissioner WEINSTOCK. Were you present here yesterday when the molders were testifying?

Mr. LYNCH. No, sir; I was not here yesterday.

Commissioner WEINSTOCK. The molders object, or rather, Mr. Frey, representing the molders, objected to the umpire plan in the settlement of labor disputes. Do your people object to that?

Mr. LYNCH. It seems to me that is a question of the form of the agreement. If it can be safeguarded, if the umpire system can be safeguarded, all well and good. I heard Mr. Cohen this morning say that in the clothing industry there was no objection to lawyers; that lawyers drew that agreement and worked it out; and all that. In our industry we will not permit a lawyer to argue a case nor sit on an arbitration board. So, as I say, it seems to me largely a question of conditions.

Commissioner WEINSTOCK. The representative of the molders' union said that if it was a choice between submitting the matter to an umpire or going on a strike, in his judgment, the strike would be the lesser evil. Would you go to that extreme in the International Typographical Union?

Mr. LYNCH. I have explained the present arbitration contract provides for the fifth man for the local board, and by unanimous vote for the seventh man for the international board.

Commissioner WEINSTOCK. So, while you regard the method of conciliation as the preferred method, you do not object, as a final resort, to the umpire plan?

Mr. LYNCH. We do not object to the fifth and seventh man, if, as I say, the conciliation can be safeguarded in the way we have safeguarded it—that is, the organization does not. It does not object, because it went into this agreement, and it is in effect and provides for that fifth and seventh man. I said I was not convinced it was a good proposition. When the agreement was made we distinctly reserved the right to change that if it did not work out well. The agreement can be changed by the six people representing the two organizations. If this did not work out well, we reserved the right to change it. We tried to find some method that would settle these disputes and settle them satisfactorily.

Commissioner WEINSTOCK. Under the rule, is it allowable for the odd man to be a layman?

Mr. LYNCH. He can be from any walk of life, except a lawyer.

Commissioner WEINSTOCK. I suppose that serves the lawyers right?

Mr. LYNCH. There is nothing expressed in the agreement to that effect, but that is the understanding arrived at, that we should advise against the participation of lawyers in this purely internal arrangement. That was done after an experience in San Francisco, which was rather disastrous.

Commissioner WEINSTOCK. What are the present hours of labor in the typographical union?

Mr. LYNCH. Not more than eight hours in either the newspaper or commercial industry, and in a very large number of instances—the newspaper industry—seven and a half hours, seven, and six, and in one instance in New York four hours a night.

Commissioner WEINSTOCK. The maximum is eight hours?

Mr. LYNCH. The maximum is eight hours.

Commissioner WEINSTOCK. Overtime is allowed?

Mr. LYNCH. Overtime is allowed; yes.

Commissioner WEINSTOCK. At what increased rate?

Mr. LYNCH. It varies. The general rule is price and one-half for a certain number of hours and then double price thereafter; but that is further penalized by the requirement that the member who works more than a certain number of hours per week—if the scale provided for an eight-hour day, more than 48 hours per week—if he works a day, he must employ the first available substitute. The aim is to confine the members as closely as possible to the six-day week. The organization does that.

Commissioner WEINSTOCK. That is, to distribute the work and not to concentrate it?

Mr. LYNCH. It is not so much to distribute the work as it is a health measure. It might also be called a religious measure—"Six days shalt thou labor"—and we have enforced that rule since 1889.

Commissioner COMMONS. There may be members, newspaper publishers, who do not have arbitration agreements with you; that is possible, is it not?

Mr. LYNCH. Yes.

Commissioner COMMONS. About what proportion of their membership do not have agreements?

Mr. LYNCH. Well, under the old agreement there was a very small proportion; I could not tell the exact number. I think the number of arbitration agreements ran up to 275 out of a possible membership of 325. That can be obtained from the report so as to be absolutely reliable.

Commissioner COMMONS. In case a newspaper publisher is not a member of the publishers' association, you may still have agreements with him?

Mr. LYNCH. We may have agreements with them.

Commissioner COMMONS. That would be an individual agreement?

Mr. LYNCH. Yes.

Commissioner COMMONS. Do you make a similar agreement in that case?

Mr. LYNCH. The agreement with the publisher not a member of the A. N. P. A. would be a local contract with the typographical union; and the practical working out of the proposition is this: In a locality where there are five news-

papers and only one holding membership in the A. N. P. A., and they are all joining, as they do, in resisting the wage scale, or the negotiation of a wage scale, and they can not agree locally, the procedure would be under this arbitration contract held by this one newspaper, the other four agreeing to accept the final decision, whatever it may be; so that the result is that the arbitration agreement applies to all the newspapers in that particular town in an adjustment of the wage scale. The intent is that the publisher who is not a member of the A. N. P. A. shall have just as fair treatment as a publisher who is.

Mr. COMMONS. Now, have you any idea what proportion of the daily papers in the country you have contracts with, both in and out of the A. N. P. A.?

Mr. LYNCH. Daily newspapers published in towns and cities in which we have typographical unions—I should say we had agreements with at least 90 per cent, if not more than that; there are very few nonunion newspapers, so far as typographical unions are concerned.

Commissioner COMMONS. Dailies?

Mr. LYNCH. Dailies.

Commissioner COMMONS. How would you figure it out for weeklies?

Mr. LYNCH. The weeklies published in large centers are generally published by commercial offices which are to a large extent union; and these weeklies printed in towns and hamlets where there are not enough printers to form a union may be printed by members of the International Typographical Union and may be printed by nonmembers.

Commissioner COMMONS. But you do not class them as commercial offices. Now, can you figure out what you call the commercial, which, I take it, is the book and job offices of the country; do you figure out what proportion of them you have agreements with?

Mr. LYNCH. That would be largely guesswork; but we have either written or verbal agreements. In the verbal agreements, for instance, the proprietor says, "We will pay that scale; that scale is all right, and we will pay it for one or two or three years," but he does not enter into a written contract; and we have verbal or written agreements with the great majority of the book and job concerns throughout the country.

Commissioner COMMONS. In that case they do not accept that international law?

Mr. LYNCH. With reference to making contracts?

Commissioner COMMONS. Yes.

Mr. LYNCH. Oh, yes; they do—verbal contracts.

Commissioner COMMONS. What, for example, would be done in a verbal contract? It just relates to wages and hours, and then these rules about the closed shops, and apprentices, exchange plates, and priority?

Mr. LYNCH. They accept them all; they conduct either a union office or a nonunion office, so far as the typographical union is concerned.

Commissioner COMMONS. But you make no agreement with them unless it is a union office?

Mr. LYNCH. You could not make an agreement with them unless it is a union office; we make an agreement with a previously nonunion office that in a reasonable time it shall become a union office.

Commissioner COMMONS. And there is no agreement except it becomes a union office?

Mr. LYNCH. That is part of the international policy.

Commissioner COMMONS. That carries with it these other international rules?

Mr. LYNCH. It carries with it the observance of international law.

Commissioner COMMONS. Can these laws be changed between agreements?

Mr. LYNCH. No. The international law of the date on which the contract is made applies for the term of that agreement; they know the conditions beforehand, the conditions that apply.

Commissioner COMMONS. The commercial offices probably have a wider range of competition than the daily newspapers. Its competitors are only in the same locality; that is usually the case, is it not?

Mr. LYNCH. Yes.

Commissioner COMMONS. Where books can be printed?

Mr. LYNCH. Yes.

Commissioner COMMONS. So that this difference in the wage rate in different localities is a material thing with a commercial house more than it is with the daily newspapers?

Mr. LYNCH. The difference in wage rates as between specified localities and its effect on the work; I presume that is what you have in mind.

Commissioner COMMONS. Yes.

Mr. LYNCH. It has always seemed to me to be one of equipment for a particular kind of work rather than the difference in the wage scale, which would be slight, would not be so great; but I have known of New York proprietors to go up into Poughkeepsie and take Poughkeepsie work out of Poughkeepsie, and I have known Poughkeepsie proprietors to come to New York and take work out of that city. That question of competition is a complex one in the newspaper business.

The Denver proprietors, with a high wage scale, take work out of Chicago, at a higher wage scale, and so it goes; and Chicago may take work out of San Francisco. I have known that to happen, and with San Francisco working under a higher wage scale; so that in the end it seems to me largely a question of equipment for a certain class of work which one office may produce very much cheaper than another office can produce the same job.

Commissioner COMMONS. That class of work is centralized in a few large offices?

Mr. LYNCH. Not a few large offices, because there are a large number of large offices—large offices scattered all across the continent. There is a large office in Hammond, Ind., which is not a large place as large places go. There are large offices in comparatively small towns; one at Garden City, conducted by Doubleday, Page & Co. Garden City is not a large place. And there is a very large office in Denver, and it is capable of doing any kind of work there is in Chicago; so these large offices are scattered all over the continent.

Commissioner COMMONS. If some of these offices are subject to union rules, would they not be at a disadvantage in comparison with similarly equipped offices not subject to union rules?

Mr. LYNCH. From my experience, I do not believe that is the situation. I believe that a union office has an advantage over a nonunion office, as a general rule, as to labor market, standardization, the character of its employees, and the skill of its employees, and in many other ways; and we have in the case of newspapers that have changed from nonunion to union offices—here we have been permitted to make an investigation—it has been demonstrated, and subsequent figures have borne out our investigation, that the union office produces a newspaper cheaper than a nonunion office.

Commissioner COMMONS. Would the preferential shop, as was described to you this morning, in a commercial office—not speaking of a newspaper office—would that seem to you a practical proposition?

Mr. LYNCH. If I were president of the International Typographical Union and Mr. Finlay offered to make a contract with me on that preferential basis I would make it very quickly, because I know that it would be very quickly a strictly union office. I make that statement with my understanding of the preferential office as described here this morning by the people interested in that preferential office.

Commissioner COMMONS. And you consider the Chicago system of Hart, Schaffner & Marx quite the same as in New York?

Mr. LYNCH. There seemed to be a difference in the Chicago system, very different in the thorough understanding that Mr. Cohen had of the New York situation and the other gentleman had of the Chicago situation, but I am talking particularly of the New York situation; the Chicago situation is not clear to me on that statement of those autonomous unions that work in Hart, Schaffner & Marx's shop. They are unions that I never heard of before, autonomous local unions.

Commissioner COMMONS. In general, you want to have the agreement made with the international?

Mr. LYNCH. Such an agreement could be made or might be made by our local union, but if I had to make such an agreement with the United Typothetae I would want to make it with their international organization, because then I would know that the agreement would be carried out.

Commissioner COMMONS. In such case would you think it feasible to arbitrate either the rules of the international law or the rules that might be proposed by local unions and submit them also to arbitration, as seems to be the case in the protocol system, everything is arbitrable, and as seems to be the case in the stove industry?

Mr. LYNCH. I do not think any association employers in the printing industry, that I know of anyway, would consent to arbitrate the proposition as to whether an office should be a union or a nonunion office, union or interna-

tional union, they would not consent, and I do not think any of the others in the industry would consent.

Commissioner COMMONS. I should exclude that, because when you say preferential shop that would exclude it, but as to these other rules, apprenticeship, exchange of plates, and priority, the six-day rule.

Mr. LYNCH. I do not think there would be any necessity of arbitrating them. I do not think any association employer has any objection to those rules.

Commissioner COMMONS. And that is the thing you would consider if you were going to consider also a preferential shop; you could logically consider those?

Mr. LYNCH. That was not the kind of preferential shop that was described this morning, unless I misunderstood the witnesses. My understanding of it was a shop that employed union men in preference to nonunion, and when the work was slack they laid off the nonunion man instead of the union man.

Commissioner O'CONNELL. And when they took them back they took back the union men first?

Mr. LYNCH. They took back the union men first; I do not think under that condition the international union would get much the worst of it, nor do I think anybody in the international union would get much the worst of it.

Commissioner WEINSTOCK. Do the employers make separate contracts as to each department or is there one contract that covers all departments in a printing establishment?

Mr. LYNCH. As a general rule the proprietors make separate contracts with the unions operating in the establishment, but there are instances in which what we call blanket contracts are made, covering all the unions operating in that establishment.

Commissioner WEINSTOCK. Is a union man permitted to work for what would be called an unfair employer?

Mr. LYNCH. What would be your definition of an unfair employer?

Commissioner WEINSTOCK. An employer that had been turned down by organized labor as being unfair for all sorts of reasons.

Mr. LYNCH. If we have contracts with an employer, we fulfill those contracts, of course. I do not just understand your question.

Commissioner WEINSTOCK. Let me give a concrete case. In my own city, San Francisco, there is a strike on there now—at least there was when I left there. It had been running for months—between the pressmen and the commercial employers. Yet all the men employed in all the other departments have remained on the job. The local labor council has declared a boycott on those employers because they could not come to an understanding with their pressmen. Therefore they are unfair employers from the union standpoint, and yet these other men continued at work.

Mr. LYNCH. The International Typographical Union, and I think that is true of all the other unions, do not permit the local labor council or any other body to interfere with its contracts or with its control over conditions that shall obtain in the composing room or as to whether the members shall or shall not work in those composing rooms. The International Typographical Union has complete jurisdiction so far as the union is concerned over the composing room.

Commissioner WEINSTOCK. And yet in the year of the panic at San Francisco these printing establishments which are having trouble with their pressmen are looked upon as having been declared unfair.

Mr. LYNCH. One of the things that the International Typographical Union and the other four unions of the printing industry were attempting to work out when I severed my connection with it as president was a general agreement under which the unions could act together in cases of the kind you describe. I have no knowledge of the condition that agreement is in. One of the last things I did was to draft that agreement, and we considered it at one conference in Indianapolis; then the conference adjourned, and when it met again I was not president of it, so that I do not know what condition it is in.

Commissioner WEINSTOCK. But the idea is to federate the unions so that they would act together?

Mr. LYNCH. To create a course of conduct in the event of trouble in any mechanical department.

Commissioner WEINSTOCK. That matter is still undetermined?

Mr. LYNCH. It is still in charge of officers of the international; but I am not an officer of the international union now.

The ACTING CHAIRMAN. I think that is all, Mr. Lynch. Thank you.

TESTIMONY OF MR. ALBERT W. FINLAY.*

Mr. BARNETT. What is your residence?

Mr. FINLAY. Boston, Mass.

Mr. BARNETT. Will you state your official connection with the United Typothetæ of America?

Mr. FINLAY. Chairman of the executive committee of the United Typothetæ of America, and the Franklin Clubs of America.

Mr. BARNETT. How long have you been connected as a member or in an official position with the United Typothetæ?

Mr. FINLAY. Our firm has been a member since the typothetæ was organized. Mr. Ellis, my partner, was president of it for some years, so that we have had active membership in it since it was organized.

Commissioner WEINSTOCK. That represents the employers?

Mr. FINLAY. Yes.

Commissioner WEINSTOCK. What are called the commercial employers?

Mr. FINLAY. Yes; but it does have members who run papers.

Mr. BARNETT. How many local associations make up a department?

Mr. FINLAY. I could not tell you. We have a membership of 1,958 firms.

Mr. BARNETT. Is the membership pretty well distributed over the United States, or is it stronger in some parts?

Mr. FINLAY. It is pretty well distributed in the United States, outside of California; we have no membership in San Francisco.

Mr. BARNETT. What was the character of the Ben Franklin Clubs which were amalgamated with the typothetæ?

Mr. FINLAY. They took in the smaller printers, where the minimum due was 50 cents a month; and it was largely an educational organization, to educate the printer in ascertaining the cost of his product.

Mr. BARNETT. The typothetæ was organized, you said when, 1889?

Mr. FINLAY. No. We had our twenty-seventh convention at New Orleans in October.

Mr. BARNETT. That would make it 1886?

Mr. FINLAY. Yes.

Mr. BARNETT. What were the purposes in the organization at that time?

Mr. FINLAY. It was first organized, I think, to resist the nine-hour day.

Mr. BARNETT. The nine-hour day, in what trade?

Mr. FINLAY. In the book-and-job branch.

Mr. BARNETT. In which one of the mechanical trades; in all?

Mr. FINLAY. The composing room was where the demand came from.

Mr. BARNETT. What part of the employees of the typothetæ, relatively, are printers and pressmen? In other words, do the members of the typothetæ employ more pressmen or more printers?

Mr. FINLAY. You mean the compositors?

Mr. BARNETT. Yes.

Mr. FINLAY. That would depend upon the plant; they would employ both.

Mr. BARNETT. I know you do; but, relatively, in large jobbing printing plants, is there not some established proportion between them? Do they employ more printers or pressmen?

Mr. FINLAY. I think we employ more compositors.

Mr. BARNETT. More compositors?

Mr. FINLAY. Through the membership I should think so; yes.

Mr. BARNETT. Has the typothetæ power to make agreements for its members?

Mr. FINLAY. Only locally.

Mr. BARNETT. The United Typothetæ has no power to bind the local organizations?

Mr. FINLAY. Only that the kind of contract entered into shall be submitted to the executive officers for inspection.

Commissioner COMMONS. That is the local contract?

Mr. FINLAY. Yes. You can make no national contracts.

Commissioner WEINSTOCK. You mean a local contract is made subject to the approval of the executive officers nationally?

Mr. FINLAY. Not subject to the approval. It has got to be submitted there; that is one of the requirements.

Commissioner WEINSTOCK. What is the purpose of submitting it unless it is to be approved?

Mr. FINLAY. It might conflict with or jeopardize some locality that had a contract that would be right in close connection with that.

REPORT OF COMMISSION ON INDUSTRIAL RELATIONS.

Mr. BARNETT. At the present time does the United Typothetæ have contracts with any trade-unions?

Mr. FINLAY. The United Typothetæ?

Mr. BARNETT. Yes.

Mr. FINLAY. No.

Mr. BARNETT. It has no contract with any trade-union?

Mr. FINLAY. No.

Mr. BARNETT. Does it participate in trade-union relations of its members, the labor relations, at all? Does it assist its members in time of strike, for example?

Mr. FINLAY. It will assist its members, any of its members in time of trouble, to conduct their business in any way they see fit.

Mr. BARNETT. Were you here at the examination of the National Founders' Association yesterday, and did you hear Mr. Briggs?

Mr. FINLAY. I only heard him in rebuttal.

Mr. BARNETT. I thought you might have heard him describe the methods in times of strike of assisting members. Is there any method of assisting members in time of strike?

Mr. FINLAY. No.

Mr. BARNETT. The particular methods of treatment of the struck member would be determined for that particular case by the executive committee?

Mr. FINLAY. Yes.

Mr. BARNETT. Would the executive committee pay the member in certain cases damages?

Mr. FINLAY. It has no funds to do it with.

Mr. BARNETT. Would it assist him with workmen?

Mr. FINLAY. It would give him moral support and assist him with workmen if they could get them for him.

Mr. BARNETT. Would it only give him moral support, or would it spend money?

Mr. FINLAY. It has no funds.

Mr. BARNETT. The United Typothetæ has no funds?

Mr. FINLAY. Not for that purpose.

Mr. BARNETT. So that the only support it gives its members in times of strike is moral support and the sympathy of the other members?

Mr. FINLAY. Yes.

Mr. BARNETT. The United Typothetæ formerly had agreements with trade-unions?

Mr. FINLAY. With the pressmen's union.

Mr. BARNETT. And also with the compositors you had an agreement with reference to the introduction of the nine-hour day.

Mr. FINLAY. Yes.

Mr. BARNETT. When was the agreement with the pressmen's union made?

Mr. FINLAY. In 1902.

Mr. BARNETT. What was the character of that agreement? What were the chief features?

Mr. FINLAY. We consider the open-shop agreement, whoever we hire we will pay him the same scale of wages, regardless of his union or nonunion affiliations. That agreement was entered into in 1902.

Mr. BARNETT. How were the differences arising under the agreement to be determined?

Mr. FINLAY. By conference.

Mr. BARNETT. Suppose there is a local condition?

Mr. FINLAY. That is provided for, and if they could not settle it locally it was decided by the national board of arbitration.

Mr. BARNETT. How was that constituted?

Mr. FINLAY. Two members from the typothetæ and two members from the union, and if they could not agree they selected a fifth man, who was the umpire, you might say, or the boss.

Mr. BARNETT. What kind of questions were to be submitted?

Mr. FINLAY. Only the questions of shop practice. This is a very short agreement, if you want to read it.

Mr. BARNETT. We shall be very much obliged if you will file a copy with the commission.

Mr. FINLAY. This agreement reads as follows:

TRADE AGREEMENTS IN COLLECTIVE BARGAINING:

"THE AGREEMENT BETWEEN THE UNITED TYPOTHETÆ OF AMERICA AND THE INTERNATIONAL PRINTING PRESSMEN AND ASSISTANTS' UNION OF NORTH AMERICA.

"This agreement, made and entered into this eighth day of January, 1907, by and between the United Typothetæ of America and the International Printing Pressmen and Assistants' Union of North America, for the purpose of establishing between the employing printers of the United States and their pressmen and feeders uniform shop practices and fair scales of wages, settlement of all questions arising between them, and the abolition of strikes, sympathetic or otherwise, lockouts and boycotts:

"Witnesseth, That any question arising between a local typothetæ or affiliated association of employers and their pressmen or feeders in regard to wages or shop practices shall be referred in writing to the local conference committee, made up equally of representatives from the local typothetæ and the local union. During such conference, and until final settlement of the question, the conditions obtaining at the time of the notice shall continue, and in the meantime there shall be no lockout and the men shall remain at work. Should either party, after such notice, consider itself further aggrieved, such party shall immediately present a written protest of such condition to an officer of the other party, which grievance shall be acted upon by the conference committee within five days. Neither party shall have the right, under any circumstances, to decide that the other party has broken the contract, but such decision shall remain only with the conference committee. Should this committee be unable to agree, or should one of the parties consider itself aggrieved by said committee's findings, either party to the conference may refer the question at issue to the national conference committee, which national conference committee shall act as hereinafter set forth.

"Both local and national conference committees, in settling questions of shop practice, shall aim at the establishment of uniform shop practice throughout the United States and Canada. Unless special contracts to the contrary exist, any finding of the national committee in regard to shop practice shall be binding upon local organizations.

"A ruling upon a question of shop practice shall be made within three months after the presentation of such question to the conference committee of either side, and such ruling, when once established by said committee, shall not be reconsidered within two years.

"Any change in the scale of wages shall be settled by conference or arbitration within four months after the first request for consideration, but shall not go into effect until one year after the first request for consideration, and no scale of wages shall be changed oftener than once in three years: *Provided, however*, That all such scales of wages shall terminate with the expiration of this contract, unless specifically agreed to the contrary.

"All present contracts between the local typothetæ or affiliated organizations of employers and their pressmen and feeders shall continue in force until their natural expiration.

"A contract accepting a particular scale of wages does not include the acceptance of any rule of the union in regard to shop practice not specially mentioned in said contract.

"The International Printing Pressmen and Assistants' Union shall not engage in any strike, sympathetic or otherwise, or boycott, unless the employer fails to live up to this contract, it being understood that the employer fulfills all the terms of this contract by paying the scale of wages and living up to the shop practices as settled by the committee, regardless of his employee's union affiliations; no employer shall engage in any lockout unless the union or members thereof fail to live up to this contract, the conference or arbitration committee to be the final judge of what constitutes a failure to live up to this contract.

"Pending investigation or arbitration, the men shall remain at work. The conference committee shall fix the date when any decision shall take effect, except the question of wages, which is heretofore provided for.

"In the event of either party to the dispute refusing to accept and comply with the decision of the national board of arbitration, all aid and support to the firm or employer or local union so refusing acceptance and compliance shall be withdrawn by both parties to this agreement. The acts of such recalcitrant employer or union shall be publicly disavowed, and the aggrieved party to this

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agreement shall be furnished by the other with an official document to that effect.

"In the event of a strike in a nontypotheta office, if it proven to the local conference committee that such office is not complying with the shop rules and practices and scale of wages in accordance with the terms of this contract, no assistance shall be given to such office by typhoteta members.

"This agreement shall continue in full force and effect until May 1, 1912.

"It is expressly agreed that until January 1, 1909, fifty-four hours shall constitute a week's work; and that thereafter during the life of this contract forty-eight hours of eight hours a day shall constitute a week's work; arrangements, however, can be made locally to bring the forty-eight hours so that a Saturday half holiday can be enjoyed without overtime cost to the employer, it being distinctly understood that the employer is entitled to the forty-eight hour week, fifty-two weeks in the year, except where legal holidays intervene.

"Notice of any desired changes in the contract must be given in writing by either party to the contract at least one year prior to the expiration thereof.

"Manner of arbitration: Each party to this contract shall appoint two of its members who shall be known as its members of the national board of conference and arbitration. These members may be changed at the will of the respective parties except during the negotiation of any particular question, during which time the membership of such board shall continue the same. In case of the death of any member of such board during the consideration of a question, the place of such deceased member shall be filled by his party and the entire proceeding shall thereupon begin again. This board shall meet upon a request of the president or presiding officer of either party at some point to be mutually agreed upon within one month of such request and shall take such evidence as it may consider bears upon the subject in hand. A majority of votes cast upon any question shall be binding upon both parties to this agreement. Should the vote upon any question result in a tie, this board shall select a fifth person to act as arbitrator, who shall for this particular question act as a member of such board, and the decision of such constituted board shall be binding upon the parties thereto.

"The expenses of the members of the conference committee shall be borne by their respective parties. The common expenses of a conference shall be equally divided between the two parties."

This was negotiated in 1903.

Mr. BARNETT. As we understand that it provided for the submission to these local boards and to the national board of all shop practices—that is, such things as apprenticeships, and the number of men on each press, and so forth.

Mr. FINLAY. That could be brought up.

Mr. BARNETT. It differed then from the contract which Mr. Lynch has described with the A. N. P. A. in that the international laws were not reserved from the adjudication of these tribunals, did it not?

Mr. FINLAY. It was not stated that there was anything in the international laws—

Mr. BARNETT. Reserved?

Mr. FINLAY. Reserved.

Mr. BARNETT. What was the understanding of your members as to the provision as to the open shop, or the provision as to the kind of shop, in the agreement; will you read the words again?

Mr. FINLAY. It says that a man lives up to the agreement as long as he pays the scale of wages, regardless of whether the man has union or nonunion affiliations.

Mr. BARNETT. Your understanding is that under that clause the employer could employ anyone he saw fit; that was the interpretation?

Mr. FINLAY. So long as he paid the scale of wages.

Commissioner WEINSTOCK. Is this agreement in operation now?

Mr. FINLAY. No.

Commissioner WEINSTOCK. It is the old agreement?

Mr. FINLAY. Well, it was renewed.

Mr. BARNETT. Could you tell the commission how many cases were settled under this?

Mr. FINLAY. No cases were ever settled.

Mr. BARNETT. No wage scale was ever settled?

Mr. FINLAY. Not that I know of.

Mr. BARNETT. No local arbitration board was ever formed?

Mr. FINLAY. I don't know of any.

Mr. BARNETT. How long was the agreement in force?

Mr. FINLAY. It was in force one year, when they violated the agreement.

Mr. BARNETT. One year only?

Mr. FINLAY. Yes.

Mr. BARNETT. Was there not discussion in 1910 with reference to a renewal of the agreement?

Mr. FINLAY. Yes; there was another agreement that was a renewal.

Mr. BARNETT. How was the agreement violated at the end of the first year?

Mr. FINLAY. I am sorry Mr. Lynch is not in the room when I make this statement; I told him I was going to make it, and I wish he was present.

That agreement was violated by the pressmen's union through the International Typographical Union locally in Boston. I want to exonerate the officers of the International Typographical Union from having any hand in the thing at all or in dealing with it. It was purely a local matter.

Mr. BARNETT. And after that no effort was made to work the agreement anywhere?

Mr. FINLAY. Well, we had a strike, and that provides for no strikes.

Mr. BARNETT. A strike in Boston?

Mr. FINLAY. Yes.

Mr. BARNETT. What was done?

Mr. FINLAY. In 1904 the typographical union made a demand upon the Typothetae officers for a new scale. We had agreements with them; in that scale was contained a clause for eight hours a day, and we told them we could not receive the communication as our organization had a contract with the pressmen's union running for 54 hours, and that they must eliminate that or we could not consider the scale. We broke on that point. We did not receive the scale. The local union in Boston went out on a strike, and they forged a telegram in Mr. Lynch's name authorizing a strike. We enjoined them from paying strike benefits to anybody but their own members, through Mr. Brandeis. Our pressmen and feeders went out. Mr. Higgins was president of the pressmen's union at that time and residing in Boston. We took the matter up with him and he told us that it was nothing he had anything to do with, that they had not ordered any strike, and that the men went out as individuals, and that there was nothing to arbitrate. As a matter of fact, which Mr. Lynch would bear me out in, after being enjoined from paying any strike benefits to anybody but their own members, and after we settled with Mr. Lynch when he was brought into it, Mr. Brandeis sent to me and produced a letter signed by Mr. McMullen, who was president of the Boston Typographical Union, and J. Henry Davis, who was secretary, and was a member of our school board, where they had given our employees a written statement that if they would go out and go on strike they would pay them their strike benefits while the strike lasted. That came into Mr. Brandeis's hands because they did not live up to their agreement and they wanted to get some money for Mr. Brandeis for the evidence.

Mr. BARNETT. Did that terminate all relations under the agreement?

Mr. FINLAY. No, we went along; it was put up to us that way, that these men went out as individuals, and that they had a right to quit work as individuals, and when we had our Buffalo convention we had Mr. Higgins address us and we had him prepare an agreement for an eight-hour day.

Mr. BARNETT. When was that?

Mr. FINLAY. In 1907.

Mr. BARNETT. I should like to get at just what happened between the Boston strike of 1907—you say there were no cases settled under this agreement—you mean that although it was in existence that nowhere in the country were any local cases or shop practices settled?

Mr. FINLAY. No.

Mr. BARNETT. What was the point in having it?

Mr. FINLAY. It was supposed to carry on industrial peace, and while it is peculiar that there were no arbitrations, the employers seemed to put up with anything in the way of shop practices, and the employees did not do anything; each one was afraid that they would lose some advantage they had, and they let it go, because it would have to be established that shop practices had been changed after that contract was negotiated, because they accepted the practices of the shop as they were when it was negotiated.

Mr. BARNETT. And future shop practices.

Mr. FINLAY. They were to be changed, but there was nothing to arbitrate.

Mr. BARNETT. How were the wages settled during that period, locally?

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Mr. FINLAY. In Boston we had agreements, always had agreements with them; we have agreements now.

Mr. BARNETT. This agreement for arbitration was not brought into force because there were no local disagreements?

Mr. FINLAY. No local shop practices that we considered were violated.

Mr. BARNETT. How about wages?

Mr. FINLAY. That was a matter of local negotiation? It says there that they pay the scale of wages to union and nonunion, and that was a fulfillment of the agreement.

Mr. BARNETT. Don't you understand that this agreement provided that if the local union and the employer could not agree on wages it could be taken up by the national board?

Mr. FINLAY. I didn't so understand it. It says when they pay the wages—

Mr. BARNETT. Now, there was a termination of the contract, and the contract was renewed in 1907; were there any changes made in the contract at that time?

Mr. FINLAY. There was a change made for a nine-hour day January 1, 1909.

Mr. BARNETT. Were there any other changes made in the contract?

Mr. FINLAY. Essentially none.

Mr. BARNETT. How long did the agreement exist after that; how long was it in force?

Mr. FINLAY. Well, shortly after that second agreement which we had a special convention in Pittsburgh for and ratified, Mr. Higgins, who was president of the union was removed—well, he was not reelected, he was not removed—and Mr. Berry, who is here in the room, was elected, and we had him arrested down in Ohio for violation of the contract, and the decision is in this book.

Mr. BARNETT. How did the decision come out?

Mr. FINLAY. He was enjoined in the court down in Ohio by A. C. Thompson, judge, the southern district of Ohio, western division.

Mr. BARNETT. Did the injunction come before the courts at all?

Mr. FINLAY. The injunction came before the court; yes.

Mr. BARNETT. What was the result?

Mr. FINLAY. I have it here. It is as follows:

"In the Circuit Court of the United States, Southern District of Ohio, Western Division. In equity. No. 6295.

"A. R. Barnes & Co., etc., et al., complainants, v. George L. Berry and Patrick J. McMullen, defendants.

"ORDER.

"This cause coming on to be heard on motion of A. R. Barnes & Co., etc., et al., complainants herein, for a temporary injunction on behalf of the complainants and all members of the United Typothetæ of America, who are not citizens of Ohio, restraining the defendants, their agents, and confederates, and each of them, and all persons now or hereafter aiding or abetting, combining, or confederating with them, or any of them, from further committing the acts charged in the bill of complaint filed in this cause, and it appearing to the court from the allegations in the said bill and from affidavits filed in this cause, that there is reason to believe that said defendants have been guilty of the acts set forth in said bill and affidavits, and have conspired and are conspiring, as charged therein, and due notice of this motion having been given, and the defendants, Berry and McMullen, being represented in court by counsel, and the court being advised in the premises, it is therefore ordered that the said defendants, George L. Berry and Patrick J. McMullen, their agents and confederates, and each of them, and all persons now or hereafter aiding or abetting, combining, or confederating with them, or any of them, be, and they are hereby, restrained until the further order of the court.

"From calling or instituting strikes, or advising, aiding, and assisting in the calling or instituting of any strike against the business of the said members of said typothetæ, or any of them, for their refusal or the refusal of any of them to institute the 'eight-hour day' in their respective businesses prior to January 1, 1909, or the 'closed shop' in their respective businesses at any time;

"From instituting and maintaining, or encouraging the members or any member of the said union and its subordinate branches and locals to institute

or maintain strikes against the business of any of the said members of said typotheta for refusal or failure on the part of any such member to institute the 'eight-hour day' in said members' business prior to January 1, 1909, or the 'closed shop' in said business at any time;

"From in any manner interfering with, hindering, obstructing, or stopping the business of the said members of said typotheta, or any of them, for failure or refusal on the part of any of them to institute or maintain the 'eight-hour day' in their respective businesses at any time prior to January 1, 1909, or the 'closed shop' in their respective businesses at any time."

Mr. BARNETT. We will not trouble you to read anything further, Mr. Finlay. It follows the usual form of labor injunctions. We will be glad if you will file this with the commission.

Mr. FINLAY. Yes, sir; certainly.

(The book referred to in the testimony of Mr. Finlay and from which the foregoing extracts were read, was filed with the commission and marked "Finlay Exhibit 1, April 8, 1914.")

Mr. BARNETT. Were there any proceedings under this? This was a preliminary injunction. Was it carried any further?

Mr. FINLAY. No; I do not think it was.

Mr. BARNETT. Was the injunction made permanent?

Mr. FINLAY. I could not say that.

Mr. BARNETT. Perhaps Mr. Berry can tell?

Mr. FINLAY. He can tell you.

Mr. BARNETT. Was there any contention on the part of the union as to this contract, as to the meaning of this contract; do you know?

Mr. FINLAY. No; not that I know of.

Mr. BARNETT. On what ground did the union violate it, or what reason did they offer for violating it?

Mr. FINLAY. They wanted an eight-hour day previous to the contract.

Mr. BARNETT. Did they maintain the contract was not entered into by the union?

Mr. FINLAY. No.

Mr. BARNETT. They did not maintain it was not a rightful contract?

Mr. FINLAY. No; we had a general strike in 1906 with the International Typographical Union for an eight-hour day, and it was going on at that time.

Mr. BARNETT. I judge from what you say that you feel that through these means what might have been the beneficent effects of the agreement were prevented through the fact that the union would not keep its agreement.

Mr. FINLAY. We assumed that when the men went out in a body they went on a strike. We found out afterwards they went out as individuals.

Mr. BARNETT. You also assumed that when you made a contract in 1907 it would be lived up to?

Mr. FINLAY. Yes.

Mr. BARNETT. And in both of those expectations you were disappointed?

Mr. FINLAY. Yes.

Mr. BARNETT. You have no contractual agreement with the International Typographical Union?

Mr. FINLAY. No.

Mr. BARNETT. Why have you not entered into contractual relations with the typographical union?

Mr. FINLAY. Locally we have not because in 1904 we had this unfortunate affair and negotiations broke off at that time. We have always taken this position, that we will always meet the body of employees, whether they are employees of an individual shop or their representatives through their organization—their union. We have had several meetings with Mr. Brady, who represents the national organization in New England, within the last three or four months, seeing if there can be something done to renew contractual relations.

Mr. BARNETT. Would you regard a contract such as that which Mr. Lynch described as existing at the present time between his organization and the American Newspaper Publishers' Association as a desirable form of contract between the United Typothetae and the International Typographical Union?

Mr. FINLAY. No.

Mr. BARNETT. Why not?

Mr. FINLAY. Because all our members do not run union shops, and you have to have union shops to have that contract.

Mr. BARNETT. Part of your members do run union shops?

Mr. FINLAY. Some of them. They can run union shops or open shops.

Mr. BARNETT. In the negotiations with the International Typographical Union for a national agreement, has the question of an open shop or a closed shop been the chief difficulty in the way of reaching some kind of a national agreement?

Mr. FINLAY. That agreement which we negotiated with the pressmen in 1903 was offered to Mr. Lynch and his executive board, but they would not accept it. They wanted the closed shop.

Mr. BARNETT. So that you feel the chief difficulty in the way between you and having a national agreement with the International Typographical Union is the question of the closed shop?

Mr. FINLAY. We could not deliver our members.

Mr. BARNETT. You understand the American Newspaper Publishers' Association does not sign up for all its members. Any member of the newspaper association who sees fit to take advantage of a contract can do it, but there are many members of a newspaper association who do not run nonunion shops.

Mr. FINLAY. But they do not get any protection.

Mr. BARNETT. No; they do not get any protection. But the point is, would it, in your opinion, be worth while for the United Typothetæ to make a contract which could be accepted by any of its members who at the present run union shops which is a form of contract?

Mr. FINLAY. That could only be done very recently. At our Denver convention we admitted to our membership members of labor organizations who were not officers of unions. When we had this conflict the people that ran open shops resigned from our organization to conduct shops on an eight-hour basis under an agreement with the typographical union.

Mr. BARNETT. In general, then, do you favor the establishment of trade agreements between employers and employees?

Mr. FINLAY. Locally, I believe in them; yes.

Mr. BARNETT. You do not regard a national agreement at the present time as feasible in your trade?

Mr. FINLAY. As Mr. Lynch said, it is pretty hard; on account of the different localities, to have a wage scale. For instance, in Boston we have a scale of \$21 a week, and in Worcester, an hour's ride from there, we have a scale of \$16 a week. You can imagine the Worcester people would not be very enthusiastic over having a scale with the International Typographical Union that would pay them \$5 a week more. It might be a good thing for us.

Mr. BARNETT. In the American Newspaper Publishers' Association they could not have a uniform scale?

Mr. FINLAY. They do in localities.

Mr. BARNETT. They do in a particular locality?

Mr. FINLAY. We would call Worcester a zone.

Mr. BARNETT. They only have a city as their locality or their unit?

Mr. FINLAY. Yes.

Mr. BARNETT. If the commission will ask such questions as they desire now, I shall be very glad, as Mr. Finlay desires to leave.

The ACTING CHAIRMAN. Mr. O'Connell, do you desire to ask anything?

Commissioner O'CONNELL. Have the typothetæ organized their members in your city or in any city into a local organization?

Mr. FINLAY. If they have five members, they have to have a local.

Commissioner O'CONNELL. Have you a local in Washington?

Mr. FINLAY. Yes.

Commissioner O'CONNELL. If I were to ask for a contract for the publication of a magazine involving an expenditure of \$40,000 or \$50,000 a year, and I would submit that to several of your own members, is there involved in your local organization a plan whereby those bids would be submitted to an expert to figure out for them?

Mr. FINLAY. In the typothetæ; no, sir.

Commissioner O'CONNELL. You can not imagine a condition of contract of that kind?

Mr. FINLAY. No.

Commissioner O'CONNELL. I speak from personal experience.

Mr. FINLAY. Not with the typothetæ.

Commissioner O'CONNELL. The contract involved \$40,000 a year, and is a contract which I have handled for many years, upon which I am supposed to get bids every year.

Mr. FINLAY. I would like to present you with a copy of the constitution and by-laws, which prohibit anything of that kind.

Commissioner O'CONNELL. You imagine a condition of contract of that kind could not exist where you could not get a bid that would vary more than a sufficient amount to pay for the moveage for your plates from one place to another?

Mr. FINLAY. I can, very nicely, imagine such a condition. Ninety-five per cent of the printing business was conducted without any union system. We have been spending enormous sums of money to establish standard cost systems. Our association has a standard cost system. Dean Gay, of Harvard College, addressed us at Somerset in January, and complimented us in saying that we were the only industry he had investigated that had a uniform system of ascertaining costs.

Commissioner O'CONNELL. You think under your system there would be competition for a contract by a number of such large concerns as we have in Washington?

Mr. FINLAY. I do not think you have any very large concern in Washington. Commissioner O'CONNELL. We do some pretty big work in Washington.

Mr. FINLAY. Oh, you have the Government Printing Office here, of course.

Commissioner O'CONNELL. We publish some very large magazines here. We publish sixty or seventy thousand of one every month.

Mr. FINLAY. That is a small edition for a magazine to-day.

Commissioner O'CONNELL. I have had experience in having seven different men bid on that contract.

Mr. FINLAY. I do not think we have seven members in Washington, so that relieves us of that.

Commissioner O'CONNELL. You do not think there is any such condition existing in the typothetæ?

Mr. FINLAY. No, sir; not that I know of. I do not believe there is any such condition.

Commissioner O'CONNELL. What percentage of your members now operate on the eight-hour basis?

Mr. FINLAY. All of them.

Commissioner O'CONNELL. That is all, Mr. Chairman.

Commissioner WEINSTOCK. Mr. Finlay, is your company working under an agreement with the union?

Mr. FINLAY. Yes, sir; local pressmen and feeders.

Commissioner WEINSTOCK. You deal altogether with local organizations?

Mr. FINLAY. This is part of our constitution and by-laws.

Commissioner WEINSTOCK. But in the event of a dispute, if you should be unable to agree with the locals—

Mr. FINLAY (interrupting). We are unfortunate in that in our pressmen and feeders' agreement. Those agreements—and I am perfectly willing to file them—do not have the signatures of the international officers, nor are they sanctioned by them.

Commissioner WEINSTOCK. If you should be unable to agree locally, what happens?

Mr. FINLAY. We have no recourse through the national organization of the printing pressmen and assistants' union.

Commissioner WEINSTOCK. You are obliged to stand subject to strikes or lockouts?

Mr. FINLAY. Yes. We were under the international.

Commissioner WEINSTOCK. Is that a wise or an unwise condition?

Mr. FINLAY. From the experience we have had we can not be any worse off. We had the national agreement.

Commissioner WEINSTOCK. You stated a while ago that under your old national agreement the workmen went out as individuals?

Mr. FINLAY. Yes, sir.

Commissioner WEINSTOCK. Did they not then go out as individuals simply as an evasion of the agreement?

Mr. FINLAY. Absolutely.

Commissioner WEINSTOCK. It was a clear case of evasion?

Mr. FINLAY. Yes.

Commissioner WEINSTOCK. If that was so, what use was there in renewing the agreement, if it could be so easily evaded?

Mr. FINLAY. We had in this 1907 agreement reached the time when we were coming to the eight-hour day. We realized that in the first strike of the International Typographical Union, which was on at that time for an eight-hour day, the sympathy naturally of the pressmen and feeders was with their brother

compositors, and that is why the agreement was violated in the way it was. Then we negotiated our agreement, and Mr. Berry and Mr. McManus were elected president and secretary, respectively, and, of course, after that we never wanted any more agreements.

Commissioner WEINSTOCK. So you deal altogether with the locals?

Mr. FINLAY. Altogether with the locals; yes.

Commissioner WEINSTOCK. And you do not in any way recognize the national?

Mr. FINLAY. No.

Commissioner WEINSTOCK. But your body has a national conference, has it not?

Mr. FINLAY. Yes.

Commissioner WEINSTOCK. But your national conference will not deal with the national conference of the printers?

Mr. FINLAY. We do not have any national agreements except those two that I know about.

Commissioner WEINSTOCK. Under your local agreement, do you have closed or open shops?

Mr. FINLAY. We have absolutely an open shop in Boston. I want you to understand my idea and explanation of an open shop is entirely different from the way the founders stated it yesterday. I mean by "open shop" where union and nonunion men work together, and all of them receive a minimum wage or more. That is what I consider an open shop.

Commissioner WEINSTOCK. You are at liberty to hire any man you please?

Mr. FINLAY. Absolutely. We are not in agreement to pay them the scale, and I do not know of a person running an open shop who can run an open shop successfully and pay a wage scale. I have no sympathy with it.

Commissioner WEINSTOCK. Your agreement with the local union permits you to employ nonunion men, so long as you pay the wage?

Mr. FINLAY. Absolutely. Our negotiations broke off with the feeders in 1904. The scale of wages then was \$16.50 a week. When we settled the eight-hour day the scale was \$18. We voluntarily made it \$20. It took the International Typographical Union three years to get it up to that point. I was chairman of the scale committee, and have been for eight years. When we negotiated those new scales in June with the pressmen and feeders' unions, we also established a new scale for compositors at the same advance which we gave those people, and we have been in the peculiar position since 1904 of the typographical union in our city taking our scale and going around and asking the union business there to pay it. We have a city or municipal plant there, and they go to them and say, "Here is the typographic scale; we guess you will have to pay it." That is the scale that is accepted by the typographical union.

Commissioner WEINSTOCK. It has become standard?

Mr. FINLAY. Yes, sir.

Commissioner WEINSTOCK. A little while ago you explained that in the city of Worcester, an hour's ride from Boston, that the wage rate is \$18 a week in certain departments and the Boston rate is \$21?

Mr. FINLAY. Yes, sir.

Commissioner WEINSTOCK. How is that explained that there is such a wage difference? There is a difference of over 25 per cent.

Mr. FINLAY. They have a typographical union up there.

Commissioner WEINSTOCK. How does it come there should be that wide gap within so limited an area?

Mr. FINLAY. I can not explain that. It has bothered us. Within an hour's ride there is a difference of practically \$1 a day on each compositor.

Commissioner WEINSTOCK. How can you compete?

Mr. FINLAY. We can not compete.

Commissioner WEINSTOCK. I should think the business would naturally fall to Worcester?

Mr. FINLAY. It does. Permit me to say that in catalogues and even grades of halftone work, they do in the Commonwealth Press as well as anybody in this country. There are places where wage scales like that are in force where they can not turn out the product, but there is a case where they can get just as good a job as they can in Boston.

Commissioner WEINSTOCK. I take it the Worcester printers are just as ambitious and just as desirous of earning as much money as possible as are the Boston printers. How does it come that they do not jump from their employment there and go to Boston, or endeavor to raise their employers there to the Boston standard?

Mr. FINLAY. Mr. Brady, who is the national organizer for New England—and they turn all kinds of work in New England over to the international organization—under sanction of the international organization, in talking to me and trying to get a preferential-shop agreement, discussed that very point. They do not demand the closed shop, but they want the preferential shop, which ultimately, to my mind, is going to be a closed shop. You have got to give preference. I have negotiated recently for the J. S. Cushing Co. a preferential-shop agreement on account of the pressure that has been brought to bear by the typographical union there through a large customer. He says that if I will make an agreement for the Boston Typothetae, tying them up to the preferential closed shops, they can get together and will go to Worcester and Springfield, where the wage scale is low, and take it up with the typographical union there and put them up where they belong.

Commissioner WEINSTOCK. But you have this advantage, have you not, by virtue of your paying over 25 per cent over the Worcester scale, that you have the pick of the men?

Mr. FINLAY. We do.

Commissioner WEINSTOCK. You get the best and they get the poorest?

Mr. FINLAY. Not exactly so. A young man learns the printing business and comes up in Worcester as a printer, and it is his home, and he is quite likely to stay there. We have found that particularly so in Cambridge, where the University Press has been in existence for years and years, and where the University Press is with families going right along and rotating, so that while they have a good deal lower scale, you can not get them to come to Boston, though they can get there in seven minutes.

Commissioner WEINSTOCK. Is there that much difference between the cost of living in Worcester and the cost of living in Boston, in the way of rent, etc.?

Mr. FINLAY. I think the only difference in the cost of living there would be in the rent.

Commissioner WEINSTOCK. Foodstuffs and raiment are just the same?

Mr. FINLAY. I think so.

Commissioner WEINSTOCK. That difference in the cost of rent would not equal 25 per cent of the wage?

Mr. FINLAY. Oh, no.

Commissioner WEINSTOCK. You say you have the open shop principally in Boston?

Mr. FINLAY. Absolutely.

Commissioner WEINSTOCK. You are at liberty to employ any man you please so long as you pay him a standard wage, but as a matter of fact, what percentage of your people are unionists and what nonunionists?

Mr. FINLAY. I think all of my pressmen and feeders are union. Mr. Berry will state that, I think. My foreman is not.

Commissioner WEINSTOCK. So that while theoretically you have an open shop, practically you have a closed shop?

Mr. FINLAY. No; I do not agree to that, because I do not have to ask a man whether he belongs to the union or carries a card or whether he can come there or not. I do not care how many cards he carries or how many he does not carry. If he can perform his duties, I will pay the wages.

Commissioner WEINSTOCK. Has it been noticeable in your shop, which comes under your personal supervision, that union men made things uncomfortable for the nonunion men unless they joined the union?

Mr. FINLAY. No.

Commissioner WEINSTOCK. There has been no such pressure brought to bear?

Mr. FINLAY. No.

Commissioner WEINSTOCK. Men come there as nonunion men and become union men from choice, presumably because there are certain advantages gained by being union men?

Mr. FINLAY. To them; yes.

Commissioner WEINSTOCK. That is, the unions make it attractive for the men to join

Mr. FINLAY. Yes; generally; and I presume they make it attractive.

If I may, I would like to say just a word here on this open-shop question. There are certain members in our national organization who do not believe that we run open shops in New England. They do not believe it is possible. They think they are being hoodwinked when they claim a union man will work with a nonunion man.

Commissioner WEINSTOCK. Who believes that?

Mr. FINLAY. Some of our national organizations.

Commissioner WEINSTOCK. Employers?

Mr. FINLAY. Yes. I mean from the West; they do not believe it is possible.

Commissioner WEINSTOCK. Do they think you are trying to deceive them?

Mr. FINLAY. No; they think we are being deceived.

Commissioner WEINSTOCK. What disadvantages, if any, have you found developed from the system you are following with labor?

Mr. FINLAY. No disadvantage.

Commissioner WEINSTOCK. What advantages do you find?

Mr. FINLAY. I retain my self-respect. I believe every man should be allowed to earn his living. I believe the Constitution guarantees him that, and I am not going to be a party to breaking it.

Commissioner WEINSTOCK. I did not make myself clear. I mean what advantage did you find in having an agreement at all with the union?

Mr. FINLAY. I believe in—no, I will not say I believe in a uniform wage, but in a minimum wage and uniform hours for an industry.

Commissioner WEINSTOCK. And for that reason you think it wise to deal with the union?

Mr. FINLAY. On that basis.

Commissioner WEINSTOCK. What proportion of the employers in Boston pursue your policy?

Mr. FINLAY. The typothetæ pursue it, and the unions make the others do likewise.

Commissioner WEINSTOCK. That represents what proportion of the employers of printers?

Mr. FINLAY. In the city office, in the municipal plant, they probably have in there and in the State plant, which is a private institution, 450 employees.

Commissioner WEINSTOCK. What proportion of those employing printers in Boston are in your association?

Mr. FINLAY. Not many; but I could answer that question this way better: Not the majority of the printers, but the majority of equipment.

Commissioner WEINSTOCK. That is, the association represents the larger part of the printing pay roll of the community?

Mr. FINLAY. That is correct.

Commissioner WEINSTOCK. What disadvantages do the employers labor under who are not members of your organization?

Mr. FINLAY. We make the scales, and they do not participate in them or have anything to say about them.

Commissioner WEINSTOCK. They abide by them?

Mr. FINLAY. Yes.

Commissioner WEINSTOCK. They accept your scale?

Mr. FINLAY. The union passes that scale on to them.

Commissioner WEINSTOCK. That is all, Mr. Finlay; thank you very much.

TESTIMONY OF MR. GEORGE L. BERRY.

Mr. BARNETT. Mr. Berry, will you give your full name, residence, and your official position?

Mr. BERRY. My name is George L. Berry; I am president of the International Printing Pressmen and Assistants' Union; my home is Rogersville, Tenn.

Mr. BARNETT. When did you become president of the pressmen's union?

Mr. BERRY. June, 1907.

Mr. BARNETT. You were interested, however, before that, I presume, in the working of the agreement which was made in 1903 with the typothetæ?

Mr. BERRY. Not as an international official, but as a local member of the organization, I was familiar with its application.

Mr. BARNETT. Do you know anything as to the Boston strike of which Mr. Finlay spoke and what the feeling was in the union with reference to that particular matter?

Mr. BERRY. Only from the records of the case as found in the international headquarters, through correspondence, etc., and what I have heard through testimony from the typothetæ and from the union representatives.

Mr. BARNETT. State what the difficulty was in Boston and what the action of the union was.

Mr. BERRY. I think, in substance, from information that I received, that the position taken by Mr. Finlay is just about in line with the facts as regards that difficulty.

Mr. BARNETT. That is, the union did violate the agreement?

Mr. BERRY. That is, that union or its members individually, acting upon the request, indirectly or directly—I do not know, of course—of the typographical union, who were in difficulty, did individually quit their positions in order to assist the typographical union. As I say, that was before my administration.

Mr. BARNETT. Had the president of the pressmen's union at that time any power to force those members back to work? Would it have been possible for him to do that?

Mr. BERRY. Under the laws of the organization I would say that the president should have exercised his judgment and his authority in endeavoring to fulfill his agreement. As an example, during a number of occasions, a half dozen in any event, during my administration as president, I have had similar difficulties where men have violated local agreements and awards and taken action, and we have forced them back to their positions or filled their places by other union men.

Mr. BARNETT. Have you ever taken away the charter of a local union? You heard Mr. Lynch's testimony, did you not?

Mr. BERRY. Yes.

Mr. BARNETT. Have you ever taken away the charter of a local union on account of its refusal to abide by an agreement or an award?

Mr. BERRY. No; we have threatened and set periods whereby, if they failed to comply with the order of the board or of the president, their charter would be taken away.

Mr. BARNETT. You have threatened them?

Mr. BERRY. One example, if I may be permitted?

Mr. BARNETT. Yes.

Mr. BERRY. Mr. Weinstock is undoubtedly familiar with this. In the San Francisco Bulletin matter of 1909, an arbitration contract existed. An award was made through our process of conciliation and arbitration. The newspaper pressmen, after the earthquake, decided there had been a change in conditions, and endeavored to establish a new condition contrary to the provisions of the award and the procedure of mutual conciliation, etc. They struck and enforced the employment of additional people and the changing of shop practices. The international union gave them a certain period of time to go back to the conditions provided under the award, and failing to do so, that we would take their charter away. They waited until the last moment, and then complied with the award. I want to say, as a matter of record, that the International Printing Pressmen's Union then paid voluntarily to the San Francisco Bulletin the exact amount of damage that had been sustained in the interim.

Mr. BARNETT. In Mr. Finlay's testimony, Mr. Berry, he made reference to an injunction issued in 1907, which forbade the officers of the international union, yourself, and others, to expend the funds of the union in a strike then pending. Have you any further statement to make with reference to that injunction?

Mr. BERRY. Mr. Finlay is correct in the matter—speaking of the contract leading up to that point—in saying that we had a contract that expired in May, 1907. That contract had been in vogue for five years previously between the United Typothetæ of America and the International Printing Pressmen and Assistants' Union. At the convention at Pittsburg of the international union in 1906, the board of directors, made up of five men, three vice presidents, the president, and the secretary-treasurer, were instructed to meet with the United Typothetæ and pursue certain lines of negotiations looking to the establishment of another contract with the United Typothetæ. The board met with the typothetæ, and a majority of the board entered into, as they thought, another agreement. At the convention of 1907, held in New York, the international union, by an overwhelming majority vote decided that the board of directors violated their instructions in making this agreement with the United Typothetæ; that they exceeded their authority and rights; and moreover that in the alleged agreement there was no feeling of the mutuality between the two parties, particularly in that the typothetæ had reserved the right of confirmation, but had denied the right to the pressmen to confirm the agreement. The convention took the position that if the so-called open-shop clause, which has been touched upon by Mr. Finlay, was eliminated the organization would proceed along for the sake of harmony and peace, under the remaining part of the agreement, for its natural life. The new board, of which I was the chairman, was instructed to meet with the typothetæ and

endeavor to have that change made. We felt that no agreement existed, but in that the typothetæ felt there was an agreement, we wanted to exercise every precaution to prevent a rupture between the two organizations.

We met with the typothetæ in September, 1907, at Niagara Falls, and asked for the elimination of the so-called open-shop provision. The typothetæ in convention and their representatives took the position that the contract had been made and that it was final, and that there was nothing further to discuss in relation to it.

Mr. BARNETT. May I interrupt for just a moment at that point? Were the members of the negotiation committee of the typothetæ under the impression that the committee from the pressmens' union had no power to enter into such contracts?

Mr. BERRY. They so stated.

Mr. BARNETT. Do you know whether the members of the pressmens' union did hold out to the typothetæ members that fact?

Mr. BERRY. I do not know as to the board of directors taking that position.

Mr. BARNETT. I mean representatives from the pressmens' union?

Mr. BERRY. I do not know, of course, because I was not a member of that board; but it is reasonable to presume, being fair, that the typothetæ thought there was some indication that the contract would stand. I am rather inclined to believe that our representatives advised the typothetæ that they could get it over, but, of course, they failed in that because of the dissatisfaction of the membership as to the agreement.

Mr. BARNETT. I have here in my hand the report of the conference containing one of the proceedings of the United Typothetæ, and desire to read this statement:

"Mr. HIGGINS. I will tell you right off the reel. The committee have got unlimited power. If, in the judgment of the committee, they think they have got a good thing they will close it up. If not, they will submit it to the membership."

Mr. HIGGINS was chairman of that committee?

Mr. BERRY. He was president of the international organization at that time.

Mr. BARNETT. You think the typothetæ members thought they were making a contract at that time?

Mr. BERRY. I think they fully understood the situation, and I believe they all were confident Mr. Higgins would be able to get the contract confirmed. I do not think there was any misunderstanding upon the part of the typothetæ about it.

Mr. BARNETT. You think Mr. Higgins thought he had full power to make the contract?

Mr. BERRY. No; I do not think that; but I am pretty sure he thought he would have it confirmed by the convention.

Mr. BARNETT. Proceed, Mr. Berry.

Mr. BERRY. At the September meeting in Niagara with the typothetæ they disagreed, or refused, rather, to make that change. Then, following up the instructions of the convention of 1907, we referred the entire matter to our membership for a vote as to whether they would place a 10 per cent assessment upon their earnings for the immediate inauguration of the eight-hour work day and the enforcement of the eight-hour work day on January 1, 1908. That was placed before the membership and was carried—a 10-per-cent assessment and an eight-hour day—in November, 1908.

Immediately the attorneys for the typothetæ sought a temporary restraining order, and it was secured from Judge Thompson, of the Ohio Federal district court. Judge Thompson succeeded President Taft on the bench in that district. They secured an injunction. We were enjoined from counting the votes, enjoined from collecting moneys or paying benefits, and enjoined in every way, directly or indirectly, in the enforcement of the eight-hour work day or the union shop.

Of course, we fought the case, and the court—Judge Thompson—decided in the final hearing upon the case that our board of directors had exceeded their authority and instructions given them by the Pittsburgh convention, and that no contract existed. The typothetæ then took the case to the United States court of appeals, and the United States court of appeals sustained Judge Thompson in his decision, deciding that there was no contract, that the board had exceeded their authority, had no right whatever to make a final and binding agreement, and, of course, the injunction was dissolved and we proceeded to establish the eight-hour work day in the industry.

I wanted to make that statement while Mr. Finlay was here. The lower court decided specifically—and, of course, I have the documents, which I will be glad to serve upon this commission, and I think Mr. Finlay will agree I am correct in that statement; I know there was another gentleman present who was a member of the typothetæ board at the time who will substantiate my position in this matter. The injunction was dissolved, and we won in the lower Federal court, and also in the United States court of appeals.

Does Mr. Finlay want to ask me a question?

Mr. FINLAY. When did you get that decision from the court of appeals?

Mr. BERRY. The final decision was rendered in February, 1908.

Mr. FINLAY. Did you establish the eight-hour day in Boston in 1908?

Mr. BERRY. We did; the best we could.

Mr. FINLAY. Not in a Typothetæ office. We lived up to our agreement and established the day in January, 1909.

Mr. BERRY. It is perfectly true, in order that Mr. Finlay may not misunderstand the position, that wherever there were local contracts in existence at the time of the referendum vote, the international union did not violate or break its local agreements. I am quite confident Mr. Finlay had a local agreement in Boston with local unions; otherwise an eight-hour day would have been enforced.

As further proof, which he can verify from his present president, Mr. Courts, of Galveston, Tex., Mr. Courts employed members of our local at that time, but we did not break that local agreement because there was no question as to its validity. Wherever there was a local agreement in existence, we observed it expressly, but we did not observe the so-called international agreement for the very fact that both the lower court and the court of appeals sustained us in our claim that it was illegal and did not exist. That is possibly the reason why Mr. Finlay did not have trouble in Boston. It is also the reason why the Curtis Publishing Co., of Philadelphia, and the Typothetæ members there, did not have any trouble for the fact that we had local agreements that were absolute.

Mr. BARNETT. Do you think this agreement, drawn up in 1907, was a good agreement for the preservation of industrial peace? Would you favor the making of such an agreement now on the part of your union—that is, the agreement of 1907 is practically the same as renewed or supposed to be renewed in 1912?

Mr. BERRY. It was supposed to be renewed in 1907.

Mr. BARNETT. Yes; and to run until 1912.

Mr. BERRY. No; I would not approve, for the fact that in the agreement that we experienced, which was identical in nature for five years previous to 1907, it was an express agreement for the employers. It was an agreement that carried no spirit of mutuality, no spirit of genuine cooperation between the two parties. It was an agreement that was predicated, in my opinion, upon the theory of destroying the trades-union movement rather than recognizing it.

Mr. BARNETT. What do you mean specifically by that?

Mr. BERRY. In that it recognized the right and in that it established the right for the employer to discriminate against union men or nonunion men as they might determine—and by that I mean in their employment. The records show, during the period of that agreement, that we actually deteriorated in the matter of numerical strength rather than increased in comparison to the growth of the commercial industry. That was borne out in a number of examples, several of them in Boston where the agreement was actually in existence; the employers did not have a union man in their establishment.

Mr. BARNETT. It has been testified that in Mr. Finlay's shop, under an open shop, all the pressmen Mr. Finlay thinks are union pressmen. Do you feel that certain employers have dealt differently under this clause with their employees from the way in which Mr. Finlay deals with his?

Mr. BERRY. Mr. Finlay's office, or the office with which he is connected, I am inclined to say, is rather an exception to the rule in the matter of working conditions, in so far as our experience goes with the United Typothetæ agreement. I think Mr. Finlay's explanation of the conditions in the immediate vicinity of Boston proves the impracticability completely of any agreement that does not specifically recognize organized labor. The organized labor, with its union recognition, is the best and most practical instrument in the maintenance of a sane and fair competition. Wherever the union is the strongest in this country and where it is recognized by the employers as such, you will find the industry in the most prosperous condition. Wherever the union is weakest,

you will find the commercial valuation of the industry at the lowest ebb, for the very fact that employers working nonunion men deal with their people individually, and they can hire and discharge them and impose upon them such conditions as they, the employers, may dictate. The result is an irregular and unsound competitive condition. Why? Because of the very fact that labor is the chief cost of production, and if there is not a comparative uniformity in that cost, giving recognition to efficiency, then there can not be uniformity in competition.

Now, if Mr. Finlay and his Boston friends recognized the printing-trades unions of this country and had gone along with them on the theory of genuine cooperation and collective bargaining he would not be complaining of the condition in Worcester and Lowell and their competitive irregularities, and for that reason, aside from the fact that the contract was destroying our union—aside from that very important fact—we were opposed to the agreement, because it had for its end, in my opinion—and I think we can bring to bear sufficient proof to bear out this fact—that it was undermining the commercial printing industry of this country.

Mr. BARNETT. Have you ever heard of a printers' board of trade—have you ever heard that expression?

Mr. BERRY. Yes.

Mr. BARNETT. What is the printers' board of trade?

Mr. BERRY. A printers' board of trade is an organization presumably to establish prices on printers.

Mr. BARNETT. It has no connection with the Typotheta?

Mr. BERRY. I don't know. I take Mr. Finlay's word for it that it has not.

Mr. BARNETT. Do you think it would be a desirable thing from the standpoint of the employees of your union to have a printers' board of trade established generally throughout the United States, so that the cost of printing could be standardized—the price as which printing could be sold? You spoke in favor of standardization of competitive conditions. Would you like to see that state of affairs brought about, from your standpoint as a union president?

Mr. BERRY. Our organization is in favor of any system within the industry that will promote the commercial valuation of the industry for its union, and if the board of trade recognizes the organized-labor movement and recognizes its employees as essential factors in the industry, under contractual relationship, I am prepared to say that our organization would heartily join in any movement in the uplift and promotion of the industry.

We believe—the international printing pressmen and assistants—notwithstanding the fact that it is known as a militant union, and notwithstanding the fact that it has been classified on a number of occasions as a contract-breaking union, we nevertheless are of opinion that the success of the printing industry means our success, and we can not expect to be prosperous unless our industry is prosperous.

Mr. BARNETT. So that you would agree with Mr. Mitchell, practically? He said the other day he thought there ought to be some arrangement by which the coal operators would be allowed to agree as to prices and he thought that it would be a good thing for the unions. Now, you think in the printing trade locally such arrangements would be desirable from the standpoint of the union?

Mr. BERRY. I think, in my experience as president of this organization, that the most stable and positive and essential instrument in the maintenance of healthy, equitable competition is in the recognition of the uniform-wage scale by and through organized labor, because it prevents the adventure and it destroys all the possibility of the employer maintaining his business on a low-wage scale and saving losses by cutting prices when he finds himself in difficulty.

Now, the employer with organized labor, he knows what it costs him, comparatively, to produce his work. If his competitor is employing union men, he also knows that his competitor is paying a certain wage for his labor, which is the chief cost, giving consideration to the matter of increased efficiency of men, etc., that is a naturally potent feature. He knows that he can not go below a certain figure and that if he does that he has to lose, and not the men that he employs are to lose. In a nonunion shop, as I have had experience, where nonunion employers to save their losses have cut wages and increased hours and, in general, changed working conditions in order to cover up their own inefficient business capacity.

Mr. BARNETT. So at the present time what part of the shops in which your members work are composed exclusively of unionists—how far do your members work in what are called open shops?

Mr. BERRY. There is no such thing as an open shop in our organization; it is either union or nonunion.

Mr. BARNETT. Take a shop where the employer exercises his right to employ whom he will, as in Mr. Finlay's case. Do you call Mr. Finlay's shop a union shop or a nonunion shop?

Mr. BERRY. I think a union shop. I think he has exercised very wise business judgment in employing, as it would happen, all union people.

Mr. BARNETT. How do you account for the fact that Mr. Finlay does not know that his shop is a union shop?

Mr. BERRY. I really don't know; maybe he does not look in that direction; but suffice to say it is one of the very prosperous concerns of Boston.

Mr. BARNETT. Have you at the present time any agreement with the American Newspaper Publishers' Association?

Mr. BERRY. No, sir.

Mr. BARNETT. When was the first agreement with the publishers made?

Mr. BERRY. About the same time as the contract with the typothetæ.

Mr. BARNETT. 1903?

Mr. BERRY. Yes; that was the second agreement.

Mr. BARNETT. Was it made as early as the agreement of the typographical union with the publishers or later?

Mr. BERRY. About the same time.

Mr. BARNETT. Was it substantially identical throughout its history, or were the same changes made in your agreement as Mr. Lynch has described in regard to the International Typographical Union?

Mr. BERRY. Our agreement with the newspaper publishers was comparatively uniform from the date of its adoption to the date of its expiration, and the only material difference between the contracts was in the matter of conciliation and arbitration. Ours provided for an odd man, whereas the typographical union contract provided for an even number.

Mr. BARNETT. That is, throughout its history yours provided for the odd man?

Mr. BERRY. Yes.

Mr. BARNETT. You never abandoned that?

Mr. BERRY. No.

Mr. BARNETT. The other organization had it out at first—they took it out and then put it back?

Mr. BERRY. Yes.

Mr. BARNETT. Was this contract successful in avoiding industrial difficulties?

Mr. BERRY. Yes; the publishers' contract in general, or as a general proposition, was eminently successful and satisfactory.

Mr. BARNETT. Did you have any strikes under it—any strikes in shops that had contracts?

Mr. BERRY. Yes; the one that I referred to in the San Francisco Bulletin office, and we had one in Denver and one in the Inter-Ocean in Chicago. The San Francisco incident I have already explained to you. In the Denver incident we have compelled our men to return to work and adjusted the matter satisfactorily. In the Inter-Ocean controversy in Chicago in May, 1910, we filled the places of our men who struck in violation of the contract and fulfilled the contract in its entirety, at an expense of approximately \$7,000.

Mr. BARNETT. Will you explain what you mean by filling the places of the men? What did the international do?

Mr. BERRY. As soon as the men walked out, of course we ordered the union to place them back and proceed under the provisions of the contract. The men declined to return, and we secured men from other organizations and published the paper.

Mr. BARNETT. You did not take away the charter of the union?

Mr. BERRY. No.

Mr. BARNETT. Was any penalty imposed on the men who went out?

Mr. BERRY. The international board of directors—and the convention sustained the board of directors in that position—decided that the international would bear the expense, and figured that the union had been sufficiently disciplined.

Mr. BARNETT. Through the men losing their positions?

Mr. BERRY. Yes; they were not taken back to their positions.

Mr. BARNETT. No fine was imposed on either the men or the union?

Mr. BERRY. No.

Mr. BARNETT. When did your agreement come to an end with the publishers?

Mr. BERRY. It ended May 1, 1912; we have no agreement with the A. N. P. A. at this time.

Mr. BARNETT. How did it end?

Mr. BERRY. By natural limitation.

Mr. BARNETT. Why was it not renewed?

Mr. BERRY. Our membership defeated it by the referendum vote.

Mr. BARNETT. Have you any idea as to why your members were opposed to a continuance of it? What are the arguments?

Mr. BERRY. Chief were the difficulties in Chicago. This has no connection with the Inter-Ocean situation to which I have referred; that was in 1910. Unfortunately, I think, and I think it is the weakness in the A. N. P. A. contract, but it exists, that the other three international unions that have had contractual relationship with the publishers do not require their members to take out arbitration agreements. I presume Mr. Lynch in his explanation of the procedure touched that phase of it.

Mr. BARNETT. Yes.

Mr. BERRY. We could not secure from the publishers any other change. The agreement was made with them as a general proposition, carrying with it a clause whereby any local publisher could apply for a local agreement. It was not a compulsory proposition. I feel that that was the weakness for the very fact that a number of the publishers evaded coming under that agreement, a number of publishers ran nonunion shops, and yet participated in the making of the agreement.

Now, in Chicago there was only one paper aside from the Inter-Ocean that held an international arbitration agreement. All the other newspapers worked under a separate and distinct agreement locally, having no association whatever with the international arbitration agreement. That publishers' association, by virtue of lack of responsibility to this national organization, constantly evaded the matter of considering wage scales and changes in shop practices. As an example, for two years and a half prior to May, 1912, we had been negotiating with the Chicago Publishers' Association with the view of increasing our wages, a wage that had been in effect there for approximately eight years, the publishers holding a local agreement with us that was practically perpetual, yet providing for arbitration and the opening of the wage scale after a certain given time, consistently evaded entering into arbitration of that scale of wages.

Our membership insisted that the American Newspaper Publishers' Association should compel those publishers in Chicago to enter into arbitration and settle the matter. We could not do it for the very fact that the employers there would not take our arbitration agreements. The result of the case was that when it came up for readoption the membership insisted that there should be a clause requiring that every member that employed our members throughout this continent, every member of the publishers, should be compelled to take out an arbitration agreement, so that we might proceed with some degree of uniformity. The publishers declined to accede to that proposition, and for that reason, the chief reason, the membership refused to renew the proposition.

Another very important reason developed in the lockout that was precipitated in Chicago by two members of the publishers' association—one member of the publishers' association who owns two newspapers in Chicago. This publisher, who by name is Mr. William Randolph Hearst, owning the American and the Examiner in Chicago, held with our union a national arbitration contract that expired automatically with the international agreement of May 1, 1913.

Mr. Hearst's newspapers—I want to cover this as briefly as I can, but I want to give you the responsibility there—I am sorry that the publisher's representative is not here, incidentally, so that he could listen to my testimony—but prior to May, about one year prior to May, 1912, Mr. Hearst's newspapers opened arbitration proceedings with us, and by arbitration—it may sound odd to some of the employers' representatives present, but by arbitration, wages were decreased and hours increased. It has been said that arbitration has but one purpose, and that is to decrease hours and increase wages, but in this instance arbitration decreased wages in Mr. Hearst's newspapers, and increased the hours in the Hearst newspapers.

The basis for that decision of the international arbitration board was that Mr. Hearst's papers were not being treated justly by the union in the matter of the competitive cost of production. That difference in the condition, which was true, was the result of Mr. Hearst's entering the newspaper field and voluntarily establishing, for the spectacular purposes for which he is so well known, a wage scale and a condition of employment that exceeded in great extent any

that existed in all the other newspapers in Chicago. When he entered the field we held a contract with the local association. He was not a member of the A. N. P. A.; he was not a member of the local association; he was an independent publisher, if you please, and he gave us a wage scale that was 80 per cent more than that of any other paper; he employed more men; he worked less hours. In general, he gave us a condition that was exploited among the working people of Chicago, and the outcome was that he built his circulation and his business upon that condition.

Later, however, he changed his mind, and he became an associated publisher with the A. N. P. A., and the local association in Chicago, and applied for an international arbitration agreement. We were compelled to give it to him, and we did consent to it. It was issued to him, and instantly upon the expiration of this agreement that he had made, giving us this condition that had been in operation for approximately 10 years—wages, hours, and conditions—then he moved for a reduction in wages, an increase in hours, and a reduction in the number of men to that existing in the other newspapers in Chicago; and, of course, we had to accede to the proposition, and we went into arbitration, and we lost every point with the exception of the matter of the reduction of the number of men. Mr. Harry A. Wheeler, a very well-known gentleman in Chicago, and whose reputation I believe was beyond question, was the umpire in this arbitration. He visited the offices, and he stated that in view of Mr. Hearst's association there was no alternative possible for him to take except to bring Mr. Hearst to as near a uniform basis of cost for the labor as it was possible to do.

As I say, he allowed Hearst—that is, by a majority vote of the board—to decrease wages. The number of men he refused to decrease, for these four reasons following, which are very concrete, and which I am confident will appeal to the better judgment of this commission as practical.

Mr. Hearst's newspapers, printing approximately 375,000 pages, were printing from six presses, from one to a dozen editions in the afternoon, each meaning the changing of plates upon the presses, the running of color, all kinds of color appropriate to the incident, which means additional work. His competitor, the Chicago Daily News, an afternoon paper, ran two editions printed on 11 presses, with a much less circulation in the afternoon than Mr. Hearst's afternoon paper, and the 11 presses were covered by every scientific modern device for the operation.

As an illustration, these large newspaper presses, as big as this room; in many presses nowadays they have an automatic hoist, where you attach a chain to a roll, and by pushing a button the roll is carried to the top deck, higher than this ceiling. In Mr. Hearst's pressroom at that time there was not one of these presses that had an automatic hoist; they were old presses, and Mr. Wheeler decided that in view of these radical differences, which really made the cost of operation from that point of view much higher on the Chicago Daily News than it was on Mr. Hearst's paper, he would not change the number of men, and, moreover, that inasmuch as 87 per cent of the total number of men employed there had been injured at different times in the operation of those presses, it would be the height of folly and inhuman to reduce the number of men.

Now, that is Mr. Wheeler's version and the reasons that actuated him in refusing to reduce the number of men. We, of course, accepted the decision as it was, wages and everything. That continued until May 1, 1912. At midnight on May 1, 1912, the national arbitration contract expired by limitation, the local arbitration award expired by limitation, and on that night Mr. Hearst's manager placed in a conspicuous place in the pressroom copies of this document—and of all documents which I will be delighted to serve on this committee—a notice indicating that on and after to-night the conditions as applied to the number of men in the operation of these presses should be so and so; in other words, reducing the number of men on the presses, and the displacement of approximately 22 mechanics who had been working there for 10 or 11 years.

Our representatives went to Mr. Hearst's manager—

Mr. BARNETT. This was in 1912?

Mr. BERRY. This was May, 1912—May 1st, at midnight.

Mr. BARNETT. This was after your union had voted not to renew the agreement?

Mr. BERRY. Oh, no.

Mr. BARNETT. When did you vote not to agree to renew the agreement? The agreement expired in 1912?

Mr. BERRY. Yes; May, 1912—about that time.

Mr. BARNETT. About that time you were voting?

Mr. BERRY. About that time we were voting, but it was not announced.

Mr. BARNETT. I thought you just said that the international agreement expired that night.

Mr. BERRY. May 1, 1912, and we were then considering the proposition of renewing our international agreement.

Mr. BARNETT. Don't you consider the renewal of these arbitration agreements before they actually expire?

Mr. BERRY. Yes; we had been negotiating for months and had disagreed, chiefly upon the fact that the publishers would not force their members to take up arbitration agreements.

And, let me say, in addition to that the reason for the prolonged negotiation was this: Our organization took the position that there should be a blanket agreement covering not only the pressmen's union but the four unions of the newspaper industry, so that there might be genuine peace in the industry instead of constant conflict, one union being out and the other being in, and of course the publishers would not accede to that idea.

Mr. Hearst's manager directed the reduction of this number of men, and our people, over their signatures, copies of which we will produce if desired, requested that the conditions continue, and that we would again arbitrate the question if they were dissatisfied or any other question as regarded the operation of that pressroom, in order to maintain industrial peace in Chicago, but the manager of Mr. Hearst's paper advised that that was their ultimatum and that henceforth the number of men should be so and so.

Now, just let me say one or two words on the question of the reason for the stipulation about the number of men.

Mr. BARNETT. Suppose you go into that a little later, because Mr. Weinstock asked a question about that, and if you will condense that just a little on account of time—

Mr. BERRY. I will do that, but I think this is of the utmost importance, as showing why the agreement broke down.

When Mr. Hearst refused and locked our people out by his representative saying practically, "If you don't like this condition you can get out," we got out. He was then in contractual relationship with the other publishers of Chicago, and the other publishers found themselves in the embarrassing position of either breaking the contract with the union that we held, which was a perpetual sacred contract, or breaking a contract with their own member, Mr. Hearst, and the result was that upon the action of Mr. Hearst in locking our people out, forcing the fight upon us, every other publisher that was a member of the association in Chicago was compelled to do likewise, in order to live up to their preferred contract with Mr. Hearst and not live up to the contract with our union.

Now, the action of the publishers in that degree brought about the fight that followed, and the antagonism and delay and the unfair attitude that had been taken by these publishers in Chicago in that regard, and in the two years' constant refusal to arbitrate, the refusal of the A. N. P. A. to force their members to do the just thing and go into arbitration was the chief cause of refusal of the membership to adopt the agreement.

Mr. BARNETT. Do you regard this action on the part of the membership as wise?

Mr. BERRY. No.

Mr. BARNETT. You thought the agreement was a good thing, did you?

Mr. BERRY. Yes.

Mr. BARNETT. You think it would have been wise for the union to keep on?

Mr. BERRY. Yes.

Mr. BARNETT. How much was the majority against it?

Mr. BERRY. Just a few hundred.

Mr. BARNETT. Do you remember about how many votes were cast? How many members has your union?

Mr. BERRY. Thirty-one thousand. I think there were approximately 16,000 votes cast. We do not have any better success in our referendums than the international union.

Mr. BARNETT. And out of 16,000 votes just a few hundred defeated it?

Mr. BERRY. Yes.

Mr. BARNETT. So that the matter was pretty well canvassed by the union?

Mr. BERRY. Yes.

Mr. BARNETT. And after 10 years of the agreement they decided to let it go?

Mr. BERRY. Yes.

Mr. BARNETT. You think if the matter had not been voted on except at this particular time it would have carried?

Mr. BERRY. I think so, undoubtedly.

Mr. BARNETT. Has your association taken up any negotiations for a renewal of the agreement?

Mr. BERRY. No; it has not taken up any negotiations, but I am confident that we will renew negotiations.

Mr. BARNETT. You think that the agreement is a sound agreement in all particulars except in that particular you have mentioned; that is, that the publishers ought to require their members to run union shops and come into the agreement?

Mr. BERRY. I think, in addition to the weakness that I have pointed out, which applies to all—I think in addition to that is the question of the matter of securing the odd member.

Now, arbitration in the newspaper industry is not a tea party by a jugful, and ever since the organization was organized, in every newspaper on this continent outside of Chicago, with the exception of twelve, there are only twelve nonunion newspapers on this continent outside of Chicago, and our wages as a general proposition exceed those paid in the newspaper end of it of any other organization, and our hours are low; seven and a half hours nights, and we have an absolute universal eight-hour working day, by day work; and when we go into arbitration now it is not a question of the publishers giving us something, or we give the publishers something; it is a question of arbitration, and it is a case of fighting every point in connection with it; and, of course, as the result of that condition we are oftentimes forced to select a third man, and sometimes that is very difficult.

I believe we recommended in our proposition to the publishers, and I might say that we have agreed a number of times in advance of arbitrations, that upon the raising of the issue between the publishers and the union and the opening of arbitration we would agree that the condition arrived at, whether it was within one month, one year or two years, should date back to the time of the raising of the issue. We have agreed upon that a number of times, but it has been informal; it was not required in the agreement. That has satisfied the membership, because in the general delay of arbitration it is the employees that lose, and the employer gains, and in that way the membership have been satisfied.

We have also advocated the idea that was expressed here by Mr. Weinstock yesterday in offering to select the third man in advance of the arising of the dispute, but the publishers were not willing to accede to that point of view. Now comes this point: I believe that upon the making of a blanket agreement between the publishers and the four unions in the industry that increased responsibility will follow, that upon the failure of any individual union and employer to arrive at a conclusion, that when a reviewing board from these other three unions affected, with the employer, should step in. Then, if they fail, I think it is entirely a competent proposition, and I believe the Government would be exercising a wise and intelligent duty in extending the present Erdman Act and make, voluntarily at least, the right and possibility of the union and employer to appeal in advance of the difficulty, or at the time of the difficulty, for advice and assistance from the Government.

I disagree with Mr. Frey in the matter; I do not want to be placed in the attitude of even intimating compulsory arbitration, but I believe the Government would be fulfilling a great service, out of this commission or by this commission, or from your recommendations, if it would establish a board of some character that would at all times be willing and prepared to respond to industrial disputes; in that way I think we could gradually minimize them to practically nothing.

Mr. BARNETT. Did the newspaper publishers agree with you that the laws of your national union become effective in these agreements?

Mr. BERRY. Certain laws.

Mr. BARNETT. What laws of the national union did they specify; or did they agree, as they did with the typographical union, that the laws of the national typographical union relating to working conditions would be regarded as parts of the contract?

Mr. BERRY. I think that the typographical union—I am not sure about that, but I think our union, which would be a natural thing in negotiating a contract with publishers, would insist that our fundamental laws should be a part of the agreement. If there was any great opposition to any specific law, we discuss the reasons for the opposition and if we could arrive at a conclusion then we change that law to harmonize.

Mr. BARNETT. You did discuss those laws?

Mr. BERRY. Oh, no question about it; certain laws. About the fundamental laws, there was no discussion with the publishers about accepting them.

Mr. BARNETT. You heard Mr. Lynch say that they did not have any discussion?

Mr. BERRY. I did not hear him say that.

Mr. BARNETT. You heard him say that it was the object to have these rules decided entirely by the union, and not as the stove founders, by general strikes?

Mr. BERRY. Well, of course, the union knows best what it wants, and it knows best the application of the laws to govern its organization. I agree with Mr. Lynch on that.

Mr. BARNETT. Have you a rule as to the number of men on presses?

Mr. BERRY. No.

Mr. BARNETT. That is a local rule?

Mr. BERRY. No; it is not a local rule. We have no local rule.

Mr. BARNETT. Where it is enforced, it is a local rule?

Mr. BERRY. No; we have no local rule; it is a matter settled by contractual relationship.

Mr. BARNETT. Suppose you have no contract—or have you any places where you have no contract?

Mr. BERRY. Very few.

Mr. BARNETT. I did not mean only in newspapers, but in the book and job houses.

Mr. BERRY. Very rarely. I do not recall one.

Mr. BARNETT. So that the rules of the local unions do not contain provisions as to the number of men required on different sizes and varieties of presses?

Mr. BERRY. No; only in this, so that I may be thoroughly understood: In our negotiations, when negotiations are called by local unions and publishers, then that negotiation becomes a part of the local by-laws, but the number of men are subject to conciliation and arbitration.

Mr. BARNETT. Have you a national apprenticeship ratio?

Mr. BERRY. Yes.

Mr. BARNETT. Is that a part of your agreement with the publishers?

Mr. BERRY. Yes.

Mr. BARNETT. That was understood to be a part of it?

Mr. BERRY. Yes.

Mr. BARNETT. Was there any national rule of yours which was modified? Can you think of one which was modified?

Mr. BERRY. I really can not, Professor, but I know there was consideration; I know, particularly in regard to the Printers' League of America, a contract which I think is the broadest in existence; I know we modified some laws to harmonize with their views, but I do not recall the publishers exactly.

Commissioner O'CONNELL. Mr. Berry, about this Boston situation, how does Mr. Finlay settle his wage and hour conditions with his employees?

Mr. BERRY. By local negotiations with the unions there.

Commissioner O'CONNELL. With the pressmen's local unions?

Mr. BERRY. Yes, sir.

Commissioner O'CONNELL. Then he is dealing with the union?

Mr. BERRY. Yes, sir.

Commissioner O'CONNELL. Do you consider that is an open-shop condition, as Mr. Finlay puts it?

Mr. BERRY. Dealing with the local union and employing union men is certainly not an open shop.

Commissioner O'CONNELL. I understood he was running an open shop, and yet I understood all his pressmen are union men.

Mr. BERRY. Yes.

Commissioner O'CONNELL. In making a contract or getting working conditions from them it is natural to suppose he was dealing with the union?

Mr. BERRY. Yes.

Commissioner O'CONNELL. I want to know whether these union men in the press room had had a contract made with your local union as "Boston Union No. So-and-so."

Mr. BERRY. That is the relationship exactly, and it is negotiated by their local typotheta, of which Mr. Finlay is a member, as to certain wage scales and conditions. I take it from what Mr. Finlay says—and I believe it is so—that members of our organizations are exclusively employed in his office. That is not the case in all the offices.

Commissioner O'CONNELL. In Mr. Finlay's office?

Mr. BERRY. Yes, sir.

Commissioner O'CONNELL. Does the contract Mr. Finlay holds with the pressmen's union in Boston read, "This agreement is between the blank company," whatever the name of his company is, "and the pressmen of Local Union No. So-and-so"?

Mr. BERRY. Yes, sir.

Commissioner O'CONNELL. It is not an arrangement made with the employees and Mr. Finlay?

Mr. BERRY. No, sir.

Commissioner O'CONNELL. It is made with the local union?

Mr. BERRY. Yes, sir. I think Mr. Finlay served copies of that contract on the commission.

Commissioner O'CONNELL. Do you know anything of the printer boards of trade and their methods of conducting their business?

Mr. BERRY. They are very diversified. I have known some of them, but there is no comparative uniformity in the matter of procedure, and I am not competent to answer that.

Commissioner O'CONNELL. You do not know whether the printers' board of trade in Boston or Washington or New York have an arrangement whereby prices are set by them for particular lines of work, and that bids submitted to them for work would be submitted to a central office and figured out?

Mr. BERRY. With a great many buyers of printing that is considered as being in existence, but I could not say that it does exist.

Commissioner O'CONNELL. What would you think of the idea of a Federal board, something on the order of the new Erdman Act, but a larger board, with a larger number of men—12 or 15 men to be appointed as a board for purposes of conciliation, and that sort of thing, with a view to bringing employees and employers together, with a view of getting between them when trouble arises, as a great big proposition for the adjustment of disputes, and not on one particular line, as the act now provides for men under transportation, but for the entire industrial community?

Mr. BERRY. I think, as a voluntary proposition, that it would be one of the most practical things the Government could undertake. I think it is perfectly sound, and it is absolutely necessary.

Commissioner O'CONNELL. Did you hear the statement of the representative of the founders' association the other day, who said he believed that better results would come to the workmen by not being members of the union and acting in their individual capacity rather than collectively? What is your experience in the matter of collective bargaining and collective dealing?

Mr. BERRY. Our experience is, as I have indicated, that our members are enjoying an exclusive eight-hour day and, in most instances, a seven and a half hour night and with an average wage that will equal any in this country, and that we have made for our membership as a result of our organization a standard of respectability and independence and citizenship that, in my opinion, could not be accomplished otherwise. In addition to that we have established benefits for our members that could not possibly have come to them had they been nonunionists. For instance, our home, our sanatorium, our trade schools, our death benefits, and all those things that go to the members of our organization, conditions they could not possibly have gotten had they acted individually with their employers.

Commissioner O'CONNELL. You think it is not possible for men dealing individually to bring about the same results they would obtain by dealing collectively?

Mr. BERRY. I do not think it is practicable for the men or sound business judgment for the industry.

Commissioner O'CONNELL. That is all.

Commissioner WEINSTOCK. Can a local union strike, Mr. Berry, without approval of the national union?

Mr. BERRY. No, sir; unless they take arbitrary action.

Commissioner WEINSTOCK. Are you familiar with the strike that either is or was going on in San Francisco?

Mr. BERRY. Yes, sir.

Commissioner WEINSTOCK. Was that with the approval of the national union?

Mr. BERRY. Yes, sir.

Commissioner WEINSTOCK. What about the talk that has been made to me by friends of mine who happen to be in the newspaper business, that the pressmen's union are demanding more men to be put on than is really necessary? What are the facts in the case?

Mr. BERRY. It is absolutely true. We demand not that more men be put on than are necessary, but we demand that the number of men be stipulated. It is not a tight or fast rule, as I have already indicated in my testimony. The question of the number of men is a negotiable point, just as is the question of wages. We take the position that the manning of a press should be determined because of the hazards of the business. We base our claim in this regard on the same principle that the Government bases its claim as to the number of men operating a shift. We say the employer who has no practical experience in the operation of a press the size of this room, should not have the sum total right of determining whether these men are risking their lives or whether they are properly protected. But we do not say that we shall have the exclusive right. We say that we know best as to the number of men that should operate a machine, but we take a more liberal point of view and say we will negotiate and even arbitrate the number of men upon presses.

For instance, Mr. Weinstock, going back to the San Francisco Bulletin controversy, that was over the number of men. The men struck to enforce an increased number of men, against an arbitration award in existence and against the arbitration contract that prevented strikes. We forced them back, and a year and a half later I went to San Francisco and took the matter up through the general form of procedure under the contract, and we selected Judge James G. McGuire as umpire in the matter of increasing the number of men on those presses, and we won our contest, and the men were increased on the presses. That was our procedure in that regard.

Commissioner WEINSTOCK. Do the pressmen's unions go out on sympathetic strikes, regardless of agreements?

Mr. BERRY. Oh, no; no, sir. I want to say on that phase that, except as has been indicated by ex-President Lynch, of the International Typographical Union, many of our local unions make local agreements carrying in the agreement a provision whereby, if the dispute arises between a sister union of the allied trades, and the employer refuses to arbitrate, then the contract becomes null and void.

Commissioner WEINSTOCK. It is a matter of contract?

Mr. BERRY. Yes. I want to add one more word on that for Mr. Lynch's protection. In the matter of the Chicago situation, the local typographical union worked when we had our lockout there, but there was no provision in that local agreement which made it possible for them to discontinue their work. A good many people, and Mr. Lynch, of course, took the position that they should not come out, and he maintained them in their position, much to our dissatisfaction and to our people's dissatisfaction. I throw that out for his benefit.

Commissioner WEINSTOCK. I take it you approve of such contracts as Mr. Finlay has with his local unions?

Mr. BERRY. No; I do not; for the very fact, as Mr. Finlay has indicated, the International Typographical Union has declined to underwrite the agreement in Boston, for the very fact that it carries with it an open shop clause.

Commissioner WEINSTOCK. Can a local union enter into an agreement that is not ratified by the International Typographical Union?

Mr. BERRY. Not under our laws, but contrary to the general understanding of the trade unions, there are a few of them who do not precipitate trouble, and in that our unions have progressed reasonably well under it, I am willing to acknowledge that we have shut our eyes to the Boston contract.

Commissioner WEINSTOCK. That is, you have worn blinkers?

Mr. BERRY. Something like that.

Commissioner WEINSTOCK. If, by virtue of that contract, your local union in Boston should get into trouble with Mr. Finlay's company and should go out on a strike, would they look for support, moral or financial, at the hands of your union?

Mr. BERRY. While I do not believe there is a possibility of trouble in Mr. Finlay's office, yet I would not like to answer that for the fact Mr. Finlay would have the four aces.

Commissioner WEINSTOCK. Under Mr. Finlay's agreement, as I understand it, he would be at perfect liberty to-morrow, without violating any agreement, to drop out every union man in his service and replace him by a nonunion man?

Mr. BERRY. Yes, sir; as long as he paid the wages.

Commissioner WEINSTOCK. You do not approve of that kind of contract?

Mr. BERRY. No; it is impractical and can not stand.

Commissioner WEINSTOCK. You are simply tolerating it?

Mr. BERRY. Locally we have been advised that it exists; but officially we know nothing about it.

Commissioner O'CONNELL. You will wake up some day and find out it does exist.

Mr. BERRY. That is the reason I did not want to answer Mr. Weinstock's question.

Commissioner WEINSTOCK. I have always understood that the typographical union—that is, the printers' union—stood in the front rank for character, intellectuality, and standing among the unions of the country. What protection under these circumstances, has an employer in dealing with a high-class organization if—as was brought out here in the testimony—its duly appointed representative—I understood Mr. Higgins was president of the pressmen's association?

Mr. BERRY. Yes; he was my predecessor.

Commissioner WEINSTOCK. Then he represented the highest type of the union men in your organization. What protection would an employer have if, in dealing with the highest representative, who also is supposed to represent the highest standard in the organization, in entering into an agreement with such a representative in good faith, his organization throws that agreement down?

Mr. BERRY. I think it was a display of bad business on the part of the typothetæ for the very fact that the typothetæ was aware—there is no question about it, because it was a matter of general discussion throughout the continent—that that contract was unsatisfactory. It was not bringing results; it was not meeting the expectations of the membership, and they were dissatisfied with it. It was published generally, circulars were issued condemning it, and the typothetæ knew, beyond any question of doubt, that it did not meet with the approval of the membership—that is, a certain portion of the membership. There was no way for them to know whether it met with the approval of the majority or not. The typothetæ's position should have been, in making the contract with Mr. Higgins, to have said to that representative of the union: "Here, we are advised as to the dissatisfaction of this membership. We want a bona fide contract. We want a contract that carries a sense of mutuality between the parties to it. We are going to take this contract," which they did, "to our convention for their ratification. When we take it to our convention," which they did, "and ratify it, we will know our membership is in accord with it. We want you to do the same thing, and we want you to bring back to us a contract that we know will be acceptable to your organization as a result of this negotiation." They knew of the dissatisfaction. Mr. Higgins unquestionably, as I have already stated, advised them that he had the authority. From his interpretation, possibly he thought he had the authority. I am confident, too, that—from his experience as the president for years—he thought he could get it ratified. But that was taking a gambler's chance for the very fact, in addition, the courts of the country decided that there was not a basis for authority, and in addition to that the convention, by an overwhelming majority decided that he could not get it ratified and that he did not have the authority. In my opinion that fault was just as much with the typothetæ as it was with the union representatives.

Commissioner WEINSTOCK. That might be so, of course. When was that agreement entered into?

Mr. BERRY. They proceeded to negotiation immediately after the convention of 1906.

Commissioner WEINSTOCK. What was the date of that agreement? When was it signed by Mr. Higgins?

Mr. BERRY. It was to go into operation May 1, 1907.

Commissioner WEINSTOCK. And it was agreed upon when?

Mr. BERRY. I do not remember that. I did not negotiate it.

Commissioner WEINSTOCK. Do you remember the date of the agreement, Mr. Finlay?

Mr. FINLAY. I think it shows there in the copy of the agreement which you have, Mr. Weinstock.

Commissioner WEINSTOCK. It says, "made and entered into this 8th day of January, 1907."

Mr. BERRY. That is right.

Commissioner WEINSTOCK. It was to go into operation May 1, 1907?

Mr. BERRY. Yes; and to extend for a period of five years.

Commissioner WEINSTOCK. Here is a communication from Mr. Higgins, dated February 8, evidently several weeks after the time of the entering into the agreement, where he says, addressing the secretary of the typothetæ:

"MY DEAR Mr. MACINTYRE: Your letter informing me that the United Typothetæ of America, at a special session of that body held at Pittsburgh, Pa., on Saturday, February 2, ratified the new agreement made between their committee and our board of directors to hand.

"I have attached your letter to the original agreement made between both our committees at Philadelphia on January 8 last, as the action of your special convention in ratifying the agreement.

"I reecho the wish expressed by you in your letter of information on the matter, and trust that both our organizations will enjoy a long experience of friendly relations and mutual advancement and progress under its provisions. With regards, I am,

"Very truly, yours,

"MARTIN P. HIGGINS, *President*."

You see, the thing had gone so far that the employers had approved the agreement and had notified your president and he had acknowledged it and practically led them to feel that it was satisfactory and would go on. This apparently was not entered into by Mr. Higgins's firm, but also by others of your officials, John G. Warrington and Edward W. Gordon, William L. Murphy and William J. Webb.

Mr. BERRY. But there was one of the board that refused to sign—the first vice president.

Commissioner WEINSTOCK. It would seem to me it is perhaps well to have this brought out, because there are untold numbers of employers who contend it is useless to enter into agreements with organized labor because they are not dependable, they are not contract keepers; and we want to bring that out as clear and sharply as we can, for their information and for ours.

This contract having been entered into, seemingly in good faith on both sides, even though assuming that your committee had exceeded its powers, as a matter of wise policy and in order to retain the confidence of the employers of the country, and retain the confidence of the public, would it not have been wise to have stood by the contract, good or bad?

Mr. BERRY. You can not make a contract unless there is a mutuality between the parties to it. It is not a contract. I can not make you take a contract; otherwise it would not hold water.

Following up the broad principle that you lay down, I am free to say to you that that was the general attitude that I took, provided—*provided* that the typothetæ was willing to exercise the same broad conciliatory position. There was no question—it was clearly proven, and there is not a doubt in the world from the records but what these four men signed the agreement for 20,000 men at that time without their consent, and exceeded their authority and right. There is no question in the world about that. That has been determined beyond all question of possibility. But before that was even determined, before we even assumed the arbitrary position of deciding whether it was a contract or not, before the courts had determined whether we were right or not, what did we do? By action of our convention we said, "These fellows have gotten us into a bad situation, and we want to maintain a peaceful relationship with the typothetæ. We are willing to forego the matter of the eight-hour day another year and a half in order to maintain peaceful relationships. But we can not accept that part of the agreement that has vitiated and undermined our organization in the past five years. We have been deteriorating in our organization. We have been losing our people all over the Continent. If the typothetæ is willing to meet us half way on this proposition, we will meet them half way." Our convention instructed its board to go to the typothetæ and say, "If you will take out that clause—we do not ask you to put in there specifically that you shall employ nothing but union men—but if you will simply

take out that clause giving you the right to employ nonunion men to our detriment, we will get along with you."

Commissioner WEINSTOCK. Query: Were the employers in any way informed as to the limitations of power given to that committee?

Mr. BERRY. Mr. Weinstock, the United Typothetae, its executive officers—I think Mr. Finlay's partner, Mr. George H. Ellis, was president at that time—know our constitution and our by-laws and our American pressmen and our general affairs just as well as I do. Of course they knew. They know all about us, because everything we do is open.

Commissioner WEINSTOCK. Apparently members of this conference did not know it, because here is a question put:

"The PRESIDENT. Gentlemen, a practical question was asked here yesterday that I think Mr. Higgins can answer better than anyone else and to the satisfaction of us all, and it would settle it once for all; that is, What power is given to your committee? I take it that that is a question that you are now perfectly ready to answer. If there is any hesitation, I will not ask it.

"Mr. HIGGINS. I will tell you right off the reel. The committee have got unlimited power. If in the judgment of the committee they think they have got a good thing they will close it up; if not, we will submit it to the membership, [Great applause.]

Mr. BERRY. Certainly; why not?

Commissioner WEINSTOCK (continuing):

"The PRESIDENT. Mr. Higgins has shown his ability to answer a question directly. Is there any other pertinent question? We can imagine a lot of impertinent ones that you and I would like to ask Mr. Higgins. We will refrain. Is there any other pertinent question that would help us in our deliberations that you gentlemen would like to ask Mr. Higgins that he would feel at liberty to answer?"

If I was an employer and you came representing the workers and I had every reason to have every confidence in your statement and you made that statement unqualifiedly, I surely would feel that your organization would stand behind you, and if they did not I think I would lose all confidence in you and your organization.

Do you not think it would be the height of business judgment, however? You know what you want; you do not have to call a special meeting to get your idea as to whether you will pay the money or not pay it. You are the other half. Mr. Higgins was not running presses, mind you; Mr. Higgins was the president of this union and the negotiating factor; that is true; but don't you think it would have been the height of good business judgment to have said, "Now, we will agree upon this plan, but you do what I am going to do; you do what I am going to do. I am going to get the consent and approval on this proposition of the people that are going to pay the money. Now, you go to your convention or your members and you get their approval of this, and then we will know where we are at."

Commissioner WEINSTOCK. That would be right if you said, "My powers are limited; I can only enter into an arrangement with you subject to the approval of my organization;" but if you go forward and state, "I have unlimited power," unless I had no confidence in you I would accept your statement.

Mr. BERRY. Let me tell you this: The labor movement on this continent and the pressman's union have attained that point where they will not accede to any one man or a dozen men's demands, or the idea of a man presuming to say, "We will take a good thing if it looks good and go the whole thing, hook, line, sinker, and all." That does not stand with the dignity and stability of the International Printing Pressmen's Union; that don't go; we don't do business that way any more.

Commissioner WEINSTOCK. Are we to understand that the representatives have only limited powers?

Mr. BERRY. We understand that our representative has to follow the laws and instructions, and he did not follow the instructions.

Commissioner WEINSTOCK. Whatever agreements they enter into are subject to the approval of the body?

Mr. BERRY. Absolutely; and the instructions of the convention at Pittsburgh were specific, and they disapproved—well, not disapproved, but failed to comply with the specific instructions of the convention. What do you think, that 20,000 people are going to live up to things that three men sign away without their consent and in violation of their orders? That would be a pretty easy

business for some labor skates, if they could arbitrarily direct the affairs of 25,000 or 30,000 people.

Commissioner WEINSTOCK. Did I read this right, "That there was a renewal of a contract that had two years," etc.?

Mr. FINLAY. With the exception that we provided for an eight-hour day, and they knew it.

Commissioner WEINSTOCK. That is, the new contract was precisely the same as the preceding contract, with the exception of the difference in hours?

Mr. FINLAY. Yes; but it was not a new contract; it was not a new proposition to put up to them. It was a renewal of a contract.

Commissioner WEINSTOCK. With a change in the working hours?

Mr. FINLAY. In 1909, negotiating for an eight-hour day. There is nothing new to it.

Mr. BERRY. There were only one or two minor changes.

Commissioner O'CONNELL. Did that provide for an open shop?

Mr. BERRY. Yes.

Commissioner O'CONNELL. What did the Pittsburgh convention instruct them to do?

Mr. BERRY. To meet with them under certain conditions and they went out and renewed this whole contract.

Commissioner O'CONNELL. For instance, not to include the open shop?

Mr. BERRY. Of course. That was the basis of Judge Thompson's decision. That convention throughout these entire proceedings indicated in every move and utterance that they would not tolerate another contract with that clause in it, and in addition to that, as Mr. Finlay has read, it specifically states that negotiations shall be opened and the wage scale shall become effective one year after it is settled.

My goodness alive! We did not get a dozen increases in wages in the whole of the five years of its existence, across this continent.

Commissioner O'CONNELL. But at the time of this convention they knew the action of your Pittsburgh convention, that it should not enter into that clause?

Mr. BERRY. I presume so. I do not know that they were officially notified of the fact. According to Mr. Higgins's statement, they were not, but that certainly was the basis of Judge Thompson's decision to the court of appeals, and Judge Lurton, associate justice here at the present time, wrote the decision for the United States Court of Appeals, and decided every point in our favor.

Commissioner WEINSTOCK. If I, as an employer—as a merchant, for example—sent out a salesman to represent me in the field, and that salesman exceeds his authority and quotes prices and enters into conditions that are not agreeable to me, I will punish that salesman all right, probably by dismissal, for having exceeded his authority, but I will make good with the customer.

Mr. BERRY. That is an entirely different proposition, sir, the question of dollars and cents in the sale of a pair of pants, to the question of bread and butter and the existence of an organization of workingmen and working women on this continent—quite different.

Commissioner WEINSTOCK. I ought to penalize a salesman that will not obey orders, and the union should penalize a representative that did not obey their orders, but it ought not to penalize the other fellow.

Mr. BERRY. Well, they did that.

Commissioner O'CONNELL. Well, Higgins lost his job?

Mr. BERRY. Yes; Higgins lost his job; but I will say this—let me declare this point again: We were not prepared, as the result of this miscarriage of instructions and justice, in fairness to swallow it hook, line, and sinker, in the slang of the street, but we were prepared, and the records show that we were, to swallow the hook and the line, if the other fellow would swallow the sinker, but he would not do it. We were willing to go along five years under that agreement with the nine-hour day, and continue that for another year, and go through all the rigmaroles that we had before the wage scale should become effective, and agree not to apply for a wage scale only every three years, and all that tommyrot, if they would simply say "We will not insist upon putting a provision in here giving us the right to discriminate against your people."

Mr. FINLAY. May I ask Mr. Berry one or two questions?

Commissioner WEINSTOCK. Certainly.

Mr. FINLAY. As I understand it, a union shop requires a union foreman?

Mr. BERRY. Every man, from the foreman down.

Mr. FINLAY. Well, I want to make a donation of \$10,000 to your home if you can produce that foreman in my shop.

Mr. BERRY. You are the man that made the statement. You said, "I employ the other people, and I think Mr. Berry will say so when he is on the stand."

Mr. FINLAY. But you said in testimony here that I ran a union shop.

Mr. BERRY. Well, I am taking your word for it.

Mr. FINLAY. I want to ask you one thing: Do the membership in your organization, or did they in the three years of that contract, decrease?

Mr. BERRY. They decreased, as I stated here very explicitly, of course, in comparison to the growth of the industry.

Mr. FINLAY. Mr. Higgins made a report to our committee that contrary to the expectation of a good many of the active members of your association, the increase under the membership agreement for the three years that it was in vogue was larger than any other three years in the history of the pressmen's union.

Mr. BERRY. Well, now, just to show you, if it won't take too much time—

Mr. FINLAY. I don't want to take your time.

Mr. BERRY. Mr. Higgins is from Boston, too, but that is all right. Let me give you a comparison. Here are the figures, and you and Mr. Weinstock had better understand my position, possibly.

During the five years of the typothetæ agreement—follow me closely, now—

Commissioner WEINSTOCK. From what year to what year?

Mr. BERRY. Up to May, 1907, up to its expiration; five years, at any rate, under Mr. Higgins, the membership in this international union, covering the Dominion of Canada, increased 1,682 members, and the five years immediately following 1907, after the repudiation of this so-called union-building policy, the international union gained over 10,000 members on this continent.

Mr. FINLAY. Now, you say you don't believe in the Boston agreements, or the way they are negotiated?

Mr. BERRY. The matter of the negotiations I think is all right; the procedure is in accordance with my ideas.

Mr. FINLAY. Don't you think it is a good union movement?

Mr. BERRY. But the provision for an open shop, the nonunion clause, I think is absolutely impracticable from that point of view, and you have made my case here by comparing Worcester.

Mr. FINLAY. I read in a paper the other day that Mr. O'Hara made the statement that there was not a member of the organization out of work; that every man is at work. Now, you said that the contract the pressmen's union made they made with my company.

Mr. BERRY. I said your local typothetæ.

Mr. FINLAY. You said my company, did you not, Mr. O'Connell?

Commissioner O'CONNELL. Yes.

Mr. FINLAY. We do not make any contracts with the unions; we make them with the typothetæ.

Mr. BERRY. Well, I want to correct that record.

Commissioner O'CONNELL. Of course there is quite a difference.

Mr. FINLAY. Yes; it is quite a difference with a person who contends that he is running an open shop, and makes the statement that he is making a contract with the union.

Commissioner O'CONNELL. What is the difference if I make a contract with them or with you, if it amounts to the same thing?

Mr. FINLAY. If I made a contract with you individually—a contract with a union—I would be pretty nearly making a union shop.

Commissioner O'CONNELL. Are you not running under a contract made with the union?

Mr. FINLAY. Only as to hours or wages.

Commissioner O'CONNELL. But are you not running under a contract with the union?

Mr. FINLAY. Only as to hours and wages.

Commissioner O'CONNELL. No matter what, it is under that contract?

Mr. FINLAY. I am running the press department, yes. That is a matter of opinion between you and me, which we disagree on.

Commissioner WEINSTOCK. Another point of information: You did not enter into a contract as a company with the union?

Mr. FINLAY. Absolutely not.

Commissioner WEINSTOCK. That is done with your association?

Mr. FINLAY. The association.

Commissioner WEINSTOCK. You have a collective contract?

Mr. FINLAY. We have a collective contract.

Commissioner WEINSTOCK. And you are simply a party to that collective contract?

Mr. FINLAY. We are simply a party to that contract. I happened to be chairman of the committee that negotiated it.

Commissioner WEINSTOCK. There are not as many independent contracts written as there are members of the association, are there?

Mr. FINLAY. No.

Commissioner WEINSTOCK. Just one contract that covers them all?

Mr. FINLAY. Yes; and these printed scales are in here as exhibits, showing how they are made.

Commissioner COMMONS. With reference to that agreement, it seems to me, as I understand it, that you were using the two words in a different sense. For example, you say that his shop is a union shop, and yet his agreement is an open-shop agreement. Am I right; is that the distinction you make? I want to get at this definition.

Mr. BERRY. No; he said he had an open shop, employing only members of our union. I quoted him.

Commissioner COMMONS. At the same time, in commenting on that, you said that is what you would call a union shop.

Mr. BERRY. A union shop is a shop that employs only members of the organization; that is a union shop.

Commissioner COMMONS. But at the same time you declined to approve of that agreement because it is an open-shop agreement?

Mr. BERRY. Exactly, but the fact that Mr. Finlay may be employing, as he is, only members of our organization, does not mean that all the typothetæ of Boston are employing members of our organization, and it does not mean that Mr. Finlay has to employ members of our organization.

Commissioner COMMONS. The only difference is that the agreement is a typothetæ agreement, whereas his shop is a union shop?

Mr. BERRY. Yes; as it would happen under this open-shop agreement, Mr. Finlay has a union shop.

Mr. FINLAY. I deny that absolutely. I deny it, absolutely.

Commissioner COMMONS. What is your point of denial?

Mr. FINLAY. I claim that we have not got a union shop. I hire what I want to, and he said that the foreman of the ship is a union man, and I told him that I would make a donation to his Tennessee home, when he said a union shop has to have a union man for a foreman. I deny that absolutely.

Commissioner COMMONS. Then it is largely a matter of terminology, and I should think both of you would be well satisfied with the situation. He has got a union shop and you have got an open shop, and you both ought to be satisfied.

Mr. FINLAY. I am satisfied if you understand it my way, but I am not if you understand it his way, and as to arbitration, we can arbitrate everything but international laws, and we can not arbitrate them.

Commissioner O'CONNELL. I think I will have to go over to Boston and see the shop.

Mr. FINLAY. Glad to have you.

Commissioner COMMONS. Do you desire to make any statement further, Mr. Finlay?

Mr. FINLAY. I would like to.

Commissioner WEINSTOCK. Just one more point, to make it clear in my own mind. I imagine you have exactly the same kind of contract with the locals that your national objected to, nationally.

Mr. FINLAY. Absolutely repudiated. I would like to make that clear.

Mr. BERRY. No; not repudiated.

Mr. FINLAY. It has worked out.

Mr. BERRY. That is better. We do not repudiate contracts.

Mr. FINLAY. I would like to state this to the commission. We have a composing room which has the larger part of our members. We have no agreement with the typographical union, and we employ men and women in that room and pay the union scale of wages, and that is run as an open shop, and that every member of the Boston Typothetæ runs an open shop; I leave that to the commission.

Commissioner WEINSTOCK. Do you pay the women the same price in the shop?

Mr. FINLAY. If they do the same work they get the same pay.

Commissioner WEINSTOCK. Do they set type?

Mr. FINLAY. They don't set type nowadays, only by machine; they do not get the same price for correcting, but they get the scale agreed upon by the union with the preferential union shop.

Mr. BERRY. I just want to make this statement: I hope that at some future time, if this commission desires, I will be privileged to take up with you the affairs of our organization in the matter of industrial trade education and efficiency. I want to say, for the record, that 65 per cent at least of our membership receives a compensation in excess of the minimum wage, and it is the result of our active interest in trade education. We have now an institution valued at \$133,000, a trade school which we maintain, and I am going to extend to this commission an invitation to visit that trade school, the press work; and in general line with what I have said here in the matter of collective bargaining, and the matter of the extension of the Erdman Act or some similar act, I have prepared a paper which I would like to submit in connection with my testimony, and in addition to that I want to say that if there is anything, records, contracts, any detail whatsoever as regards the operation of our union, a request from this commission will bring it forth without delay.

Commissioner COMMONS. We accept with pleasure, and will file your brief.

(The paper referred to was filed by Mr. Berry with the commission, and is as follows:)

[Paper submitted by George L. Berry, president International Printing Pressmen and Assistants' Union of North America, to the United States Commission on Industrial Relations, Washington, D. C., on the question of collective bargaining, conciliation, and arbitration between employers and the organizations of working men and women.]

The question of the proper relationship between employers and employees is one that embraces many important phases of industrial activity. It would be the height of presumption upon my part, therefore, to attempt to burden the United States Commission on Industrial Relations with my version of the necessary responsibilities of employers and employees. In conformity with the request of the commission, however, I prepared and submit herewith certain concrete views which I trust will be of assistance in the establishment of a more cordial and cooperative relationship between the units of industry in the United States.

The organized labor movement has for its basic principle the purpose of collective bargaining. It is apparent to all without minute explanation that it is decidedly more effective for all of the workmen of a given industry to act jointly in the presentation of their grievances than it would be for each person to act individually in the matter; hence the existence of organized labor and its policy of economic advancement.

The collective interests of the employees bargaining with the collective interests of the employers is more desirable than the collective interests of the employees dealing with individual employers. This is so not only because of the prompt facilities that would follow in establishing the points at issue but it is moreover essential because of the uniformity of action that inevitably follows through joint bargaining relationship. For example, if a peaceful adjustment is not arrived at, a uniform cessation of relationship is followed; if, on the other hand, a mutual adjustment is made, a uniform condition is established and maintained during the period of relationship, be it contractual or verbal, and this phase of the situation is of material importance to the units of the industry. By units I refer to employer, employee, and those dependent upon the industry for their livelihood. The main feature of importance, as I see it, evolves in the natural and inevitable competitive conditions that will follow.

Labor is the chief cost of industry. It is, of course, the most important phase of industry over and above its importance from a cost point of view and the very fact that labor represents human effort, responsibility, and assistance. It is reasonable to say, therefore, that the matter of competition is of serious moment to the well-being of the employees as well as to the employers. If employers are to deal with their individual workmen, either as union or non-union mechanics, then the condition of an unhealthy and unnatural competition must follow, for the characteristics of human nature have proven many times to be irregular, and irregularity in this sense would mean a diversified wage condition, which would further precipitate an irregular competitive cost for labor, which would still further establish an irregular base cost and scale of competition. The organized labor movement therefore endeavors to maintain a living minimum wage with a view of protecting its members first, and second

protecting its industry against adventurers therein, or that class of employers who make their profit from exploiting labor and who save their losses through the reduction of wages.

The question of the minimum wage as maintained by the collective action of working men and women is a movement, as I have already indicated, that has for its purpose the establishment of a rate of compensation that would maintain the employees in an environment of respectability, and further that every employer might at least be in possession of the fact that his competitor could not raise the cost labor below the minimum figure established. Beyond those two points, organized labor then advances its cause upon the principle of increased efficiency and business cooperation.

At least 65 per cent of the membership of the International Printing Pressmen and Assistants' Union receive a compensation in excess of the minimum established throughout their organization. This additional compensation over and above the minimum represents the degree of effort and the effect of the organization in the promotion of its general policies of increased efficiency.

For the foregoing reasons, primarily, statistics prove that in the commercial industry of this country, particularly where the organizations of the employees and the employers are jointly the strongest, the industry is more prosperous and the profits thereof more equitably distributed. On the other hand, where the workers are poorly organized the employers are also disorganized, and the results are uniformly unsatisfactory from a business point of view. This condition is effective because of the small likelihood of combinations or corporations, it not being possible for a trust to exist in the commercial printing industry.

In harmony with the general principles as aforementioned, the best mode of procedure in the negotiation, the establishment, and the maintenance of agreements finds expression through international organization of workmen and women and international associations of employers of a certain given industry. My statement in this regard is based on experiences we have had in our relationship with employers. With an international agreement covering a local society of employers and a local organization of employees there is a double means found in the establishment of responsibility. The international relationship of both organizations is more generally inclined to an adjustment of differences amicably than would possibly be the result if situations were left to local organizations of a contesting nature.

The International Printing Pressmen and Assistants' Union has at various times held international contracts with the United Typothetæ of America, the American Newspaper Publishers' Association, and the Printers' League of America. The first and last named organizations of employers exercise organization activities in the commercial printing industry alone, the American Newspaper Publishers' Association having its relationship with daily and weekly newspapers alone.

The contract with the United Typothetæ of America failed to meet the requirements of the commercial industry—was not responsive to the interests of the industry—because the contract, in the first instance, was predicated upon a theory that denied the principles of collective bargaining or the maintenance of the principle of a community of interest. As has already been indicated by me, it is my opinion that there can be no equitable or amicable relationship or assurance of the conservation of our industry except through the assistance of the organized workers and their recognition by the employers. In the case of the United Typothetæ of America's contract the employers insisted—and it was acceded to by the union for a number of years—that the contract should retain a clause in it that would give to the employers the right of discriminating against a union man or a nonunion man as he might determine. If the organizations of the workers closed their doors against the nonunion workers, then there would be some justification for the idea as offered by the United Typothetæ, but the facts in the case are that organized labor expends more of its energy and income endeavoring to bring into its ranks the unorganized worker than through any of its business operations. Its sum total purpose is to advance the principle of collective bargaining, community of interest, the increasing of efficiency, and the advancement of the industry as a whole.

The contract of the United Typothetæ failed because of its lack of community of interest; it failed because of the possibilities arising from specific provisions therein which made it optional with the employer to retain the services of union men or nonunion men as the employer might determine. In other words, such a contract could have but one effect, that of systematically destroying the organizations of the employees. This feature vitiated any possibility of mu-

tuality and conciliation or arbitration under it and failed as result of that lack of confidence.

The Printers' League of America, which has succeeded in a measure the United Typothetae of America as an employers' organization in the commercial industry, has profited by the experiences of the United Typothetae, and in the very first section of the agreement the broad principles of community of interest are set forth, and it reads:

"SECTION 1. In consideration of the Printers' League of America agreeing to employ none but members of the International Printing Pressmen and Assistants' Union to do work that comes under the jurisdiction of said International Printing Pressmen and Assistants' Union, the Printers' League of America (and its branches) shall have the following guaranties:

"(a) All members of the Printers' League shall be protected under this contract by the International Printing Pressmen and Assistants' Union against walkouts, strikes, boycotts, or any other form of concerted interference with the peaceful operation of the departments over which the International Printing Pressmen and Assistants' Union exercises jurisdiction.

"(b) All disputes arising over scale provisions, wages, hours, and working conditions or renewing or extending contracts shall be subject to local arbitration under the provisions of this agreement, if such disputes can not be adjusted through conciliation.

"(c) The International Printing Pressmen and Assistants' Union shall at all times furnish sufficient competent help for the needs of the members of the Printers' League of America, but should it fail to do so, then, and then only, until such time as the help required by the member or members of the Printers' League of America shall be furnished by the International Printing Pressmen and Assistants' Union, said member or members of the Printers' League of America shall be privileged to seek the necessary help elsewhere: *Provided*, That the prevailing scale of wages is paid.

"(d) The International Printing Pressmen and Assistants' Union further agrees that in cities where branches of the league are formed it will not permit its members to do the same class of work in nonunion shops except by mutual consent. Nor will it allow its members to work for a less wage scale or for longer hours than the scale and hours accepted by the branch league.

"SEC. 2. If conciliation between a local union fails, then an appeal to a local board of arbitration may be had, as provided in the form of local contract recommended and attached hereto, and its decision shall be final unless appealed to the national board of arbitration, as also provided in said local form of contract. (Sec. 6C.)

"SEC. 3. The national board of arbitration shall consist of the president of the Printers' League of America, or his proxy, and the president of the International Printing Pressmen and Assistants' Union, or his proxy. In the event of failure of the above board as constituted to agree upon an adjustment, they are then empowered to select a disinterested person who shall act as a member of the board. This board shall then proceed to render a decision as quickly as circumstances will permit, and the decision so rendered shall in all cases be final and binding upon both parties to the controversy.

"SEC. 4. The national board of arbitration shall be under no obligation to take evidence, but do so at its option, but both parties to the controversy may appear personally or may submit records and briefs and may make oral or written arguments in support of their several contentions. They may submit an agreed statement of facts or a transcript of testimony, properly certified to before a notary public, by the stenographer taking the original evidence or depositions.

"SEC. 5. Pending final decision work shall be continued in the office of the member of the printers' league party to the case, and all conditions obtaining before the initiation of the dispute shall remain in effect; and the award of the national board of arbitration shall in all cases include a determination of the issues involved covering the period between the raising of the issues and their final settlement; and any change or changes in the wage scale of employees may, at the discretion of the board, be made effective from the date the issues were first made.

"SEC. 6. The national board of arbitration must act when its services are desired by either party to an appeal as above and shall proceed with all possible dispatch in rendering such services.

"SEC. 7. All expenses attendant upon the settlement of any appeal or hearing before the board shall be adjusted in each case in accordance with the direction of the national board of arbitration.

"Sec. 8. The rules and regulations, in addition to the provisions above quoted, shall be identical with those found in the recommendations for the form of local contract for the proper method of procedure and number therein under section 2, as 1, 2, 3, 4, 5, 6, 7, and 8.

"Sec. 9. In the event of either party to the dispute refusing to accept and comply with the decision of the national board of arbitration, all aid and support to the firm or employer, or member or members of the union, refusing acceptance and compliance shall be withdrawn by both parties to this agreement. The acts of such employer or member of the union shall be publicly disavowed, and the aggrieved party to this agreement shall be furnished by the other party thereto with an official document to such facts."

In every instance where controversies have arisen between locals of the International Printing Pressmen and Assistants' Union and locals of the Printers' League of America amicable adjustments have been the result. There is but one weakness that can possibly be sighted against the contract of the International Printing Pressmen and Assistants' Union with the Printers' League of America, and that is the question of arriving at an adjustment in the event of failure to agree upon the third man of the national board of arbitration. I shall touch on this phase of the situation again before completion of this paper.

The contract of the International Printing Pressmen and Assistants' Union with the American Newspaper Publishers' Association, which has expired, met with the same general satisfaction as did the contractual relationship referred to above as existing between the International Printing Pressmen and Assistants' Union and the Printers' League of America. One great difficulty, however, and defect existing in the agreement with the American Newspaper Publishers' Association was found in the inclination of many of the members of the American Newspaper Publishers' Association to join in contractual relationship. In other words, they retained their membership in the American Newspaper Publishers' Association but refused to become parties to the contract in so far as it applied to relationship with the unions, and further maintained their right to participate in its construction. This fact to no small degree minimized the value of the contract between the American Newspaper Publishers' Association and the International Printing Pressmen and Assistants' Union. I am creditably informed that this defect exists in the relationship of the publishers' association with other international printing-trades unions.

The effect of the publishers' attitude, as indicated above, finds expression in the lockout of the web pressmen in the city of Chicago on May 1, 1912. This is possibly the most serious difficulty that has arisen in the newspaper industry for a great many years, and it was in no small degree due to the failure of the American Newspaper Publishers' Association to compel its members—the newspapers of Chicago—to act in harmony and come under the provisions of the international arbitration agreement with the International Printing Pressmen and Assistants' Union. For example, the local publishers of Chicago, holding a local agreement providing for conciliation and arbitration, for over two years succeeded in evading the demand of the union to go to arbitration looking to the advancement of a wage scale that had been effective for about seven years. The local publishers could very readily assume this position because of the lack of responsibility exercised over the local publishers by their national association. In other words, while the American Newspaper Publishers' Association held a national contract with the International Printing Pressmen and Assistants' Union, they permitted their Chicago membership to act individually, and at the same time the Chicago association was dealing with a subordinate body of the International Printing Pressmen and Assistants' Union.

The matter of procedure under the publishers' contract in conciliation, local arbitration, and national arbitration was, in the main, identical with that of the Printers' League of America contract already referred to.

The labor movement in general, and especially the printing-trades unions of America, stand committed to the principle of the adjustment of difficulties by the means of conciliation and arbitration. It is not the inclination or desire of the printing-trades artisans of this continent to participate or precipitate in a strike or lockout or in any other concentrated movement that would involve the stability, success, and prosperity of the printing industry, and I am confident that the majority of the strikes and lockouts that have taken place in recent years in the printing industry have been more as the result of a misunderstanding than from any practical reason. The International Printing Pressmen and Assistants' Union is classified as being the most militant of the five international printing-trades unions; the records show, however, that, with the ex-

ception of the eight-hour-day campaign in 1907, there have been less than 20 strikes called throughout the entire jurisdiction of North America, with about 400 subordinate unions.

The best indication of the desire of the printing trades unions for peaceful relationship with employers of the printing industry, and their willingness to embrace the principles of conciliation and arbitration is conclusively evidenced in the recent international federated agreement entered into by the representatives of the five international printing trades organizations. This agreement is primarily a peace compact not only as it affects the relationship of the unions with each other but particularly as it affects the relationship of the unions and the printing industry. The fundamental principle of the federated agreement is predicated upon the idea of conciliation and arbitration; for example, the five international unions agree that where a dispute arises with an employer and a subordinate union of any of the five international bodies, representatives of those international unions are required to meet with the employer and endeavor to adjust the difficulties amicably by conciliation and arbitration. It has been further agreed to by the representatives of the five international printing trades unions that individual contracts made shall carry a clause providing that where a dispute arises between any of the subordinate unions of the five international organizations and where the employer refuses conciliation and arbitration, that then under such conditions the contract becomes null and void. This is the clearest indication of the real purpose of the proposed printing trades federated contract, and it is apparent to all that it rests upon the principle of peaceful relationship by and through the measures of conciliation and arbitration.

Reference has already been made in this paper to the difficulties that have arisen and the possibility of them in the future as regards the question of agreeing upon an unbiased odd member of arbitration boards. The possibility for delay in arbitration proceedings, and the experiences we have had as result of delays in the past have dissipated to no small degree the employees' confidence in conciliation and arbitration. This has been overcome somewhat, however, by advanced agreement that upon the settlement of a dispute the conditions arrived at should become effective on the date of raising the dispute. This arrangement, as I have already indicated, has in the main been voluntary. No specific requirement that this be a condition has ever been established in the printing industry; our agreements have only contemplated such a course if the arbitration board so desired.

From the result of international relationship with employers' associations I feel that strikes and lockouts and general disturbances in the printing and newspaper industry would be almost entirely eliminated by the establishment of an agreement that would contemplate the following:

First. An agreement jointly embracing all of the organizations of the industry and employers of the industry.

Second. The agreement to provide for conciliation, local and national arbitration.

Third. The agreement to carry a clause requiring that upon the opening of negotiations for an increase or decrease in wages, or the change of working conditions, that such change arrived at should become effective from date of the raising of the issue or from the inception of negotiations.

Fourth. That the contract carry with it a clause requiring the five international unions and the employers to render joint assistance in the maintenance of technical schools for the advancement of the industry and the increasing of efficiency of the units therein.

Fifth. That the contract provide a board of general review representing the organizations and the employers of the given industry whose authority it will be to pass upon the matter of differences that fail of adjustment by conciliation and arbitration. The chief purpose of this provision is to make possible a further effort to arrive at an amicable settlement, and if then failure results, make possible the placing of the responsibility upon the party guilty of an unfair attitude.

The provisions as outlined above, in my opinion, will minimize to the lowest possible degree difficulties that have heretofore brought about the cessation of business; it would, on the other hand, increase the community of feeling; would harmonize cooperation and advance the commercial possibilities of the industry to a point more responsive to the requirements of those engaged in it. The further effect of such an arrangement would very quickly establish the fact that the success of the industry is essential to the employee as well as the employer.

There is but one additional suggestion that I could make, and that is in harmony with the assumption that the United States Commission on Industrial Relations is either to have a permanent existence, or from it a board is to be established as result of its investigations that will have for its purpose the furtherance of industrial peace and justice.

It is not compatible with the interest of free and voluntary organizations to suggest the practicability of compulsory arbitration; such a system would fall miserably, as has been the result in practically every instance where it has been given a test. It is my opinion, however, that if the duties of this commission were broadened, or some industrial board of the future was given the authority to investigate into industrial differences before or after a dispute, and preferably before, to exert efforts to prevent difficulty and to maintain a voluntary board to act where the contesting parties have failed to agree in the completion of an arbitration board, you would find that not only would the great majority of such disputes be presented to the Government board, but you would see in this future arrangement looking to peace another substantial reduction in wasteful industrial conflicts.

The organization of working men and women can not fail in its efforts to maintain an organization. The efforts of employers to destroy organizations of working men and women therefore constitute a policy of destruction rather than construction. Organized labor's willingness, as a general proposition, and with a growing tendency toward conciliation and arbitration, is manifestly sufficient in importance to justify the Government offering its persistent efforts and influence toward industrial peace and justice.

GEO. L. BERRY,
President I. P. P. & A. U.

APRIL 7, 1914.

(Whereupon, at 6 o'clock p. m., the commission adjourned until to-morrow, Thursday, April 9, 1914, at 10 o'clock a. m.)

AFTER RECESS—2 O'CLOCK P. M.

BUILDING TRADES.

Pursuant to the arrangement announced before the noon recess, the members of the commission selected to hear witnesses in regard to the building trades met at the rooms of the commission on the ninth floor of the Southern Building at 2 o'clock p. m.

Present: Commissioners Harriman (presiding), Delano, Ballard, and Lennon.
Present also for the commission: Mr. W. O. Thompson, counsel.

TESTIMONY OF MR. OTTO M. EIDLITZ.

MR. THOMPSON. Mr. Eidlitz, will you give us your name and business and your place of residence?

MR. EIDLITZ. Otto Eidlitz, New York City; I am a general contractor in the building business.

MR. THOMPSON. How long have you been in that business, Mr. Eidlitz?

MR. EIDLITZ. Thirty-two years.

MR. THOMPSON. Have you, in your capacity as a general contractor, had anything to do with collective agreements or trade agreements; for instance, that is, the New York arbitration plan?

MR. EIDLITZ. I was the father of it.

MR. THOMPSON. Of course, we have the document here, but for the purpose of the present hearing, will you state the substance of the agreement?

(The document referred to, "Decisions of the General Arbitration Board of the New York Building Trades, 1910," by Ross F. Tucker, was submitted in printed form.)

MR. EIDLITZ. You mean of the relation between employees and employers in the building industry?

MR. THOMPSON. The substance of the New York agreement, what trades it included, for what length of time it was made, what was the general purpose and scope of the agreement, and how long it lasted.

MR. EIDLITZ. Well, suppose we hark back, just for a minute. In 1884 was the first collective bargaining in the building industry, and that was made between the bricklayers and the mason builders, and since 1884 that board has

made their trade agreement—has had their trade-arbitration board ever since that time, and there have been only two arbitrations outside of the trade board, and there have been only three serious differences of opinion.

Commissioner DELANO. In 1884?

Mr. EIDLITZ. Yes; 1884.

Mr. THOMPSON. And during that time, Mr. Eidlitz, if you know, about how many matters were adjusted by arbitration?

Mr. EIDLITZ. By conciliation more than arbitration, right in the trade board. Well, of course, the early agreements in the trade conditions were made each year, and all the various disputes that you have heard mentioned that happened in trade conditions were adjusted in that way, without friction. Now, this applies, of course, only to the mason builders. That was from 1884 on. I have been sitting with that board continuously since 1887.

Mr. THOMPSON. What was the form of conciliation or arbitration which was instituted by that agreement with the mason builders?

Mr. EIDLITZ. Well, it provided, first of all, a wage scale; it provided that the men should not leave the works, or a member of the association, without the question in dispute had been brought to the board first for settlement, and then various other trade conditions of employment, which were added to from time to time, until the document is in its present shape.

Mr. THOMPSON. What particular form of arbitration or conciliation was then under discussion.

Mr. EIDLITZ. Well, in most cases the trade board consisted of an equal number from each side, one representative from each union of the bricklayers, and an equal number of employers, and in voting one had to vote from the opposite side in order to make the vote carry. In other words, you had to get somebody from the opposition side in order that the question should carry. Now, when we come to the question of the actual agreement—itsself, the making of the annual agreement, or, as it has been now, a four-year agreement, the last time we met it was tentatively passed in the meeting of the trade board, and then each union took it to its organization and voted on each article.

Mr. THOMPSON. In the matters which came up before this board of arbitration, from 1884 on, were there many instances of the discharge of employees, or allegations of discrimination against employees, either because they were members of the union, or the giving to employees of poor conditions of work—annual employees, discriminating against them in the matter of the kind of work or place of work?

Mr. EIDLITZ. There was very little of that because, you see, we don't go on the piecework system at all; we do so much an hour; we are on the hour basis, and each man, who is a union man, is entitled to what he does, whether he is laying front brick, or terra cotta, or rough brick, whatever he is doing. We are thoroughly in sympathy with it, but in our industry it is impossible to do without it. Of course, you might want to start with five men, and at the end of the week you might want to build it up to 150. We want skilled mechanics. Now, there is just one way to get that.

Mr. THOMPSON. But, for the moment, to follow out this arbitration matter, as a matter of fact, in the building trades, when an employer is dissatisfied with a workman he simply lets him go?

Mr. EIDLITZ. Yes.

Mr. THOMPSON. And employs another union man?

Mr. EIDLITZ. Yes.

Mr. THOMPSON. And no question, as a rule, is raised about the discharge.

Mr. EIDLITZ. We don't allow it. A man gets his money, and he has got to do his work, and you can fire him if you don't like the way he wears his collar.

Mr. THOMPSON. That is the existing rule in the building trades?

Mr. EIDLITZ. That is the existing rule in the building trades.

Mr. THOMPSON. In the building trades you have got what is called by some people a "closed shop," have you not?

Mr. EIDLITZ. Absolutely.

Mr. THOMPSON. And the existence of the closed shop may be the reason why the other rule is instituted, that the employer may discharge without question?

Mr. EIDLITZ. That is probably so.

Mr. THOMPSON. And because of such conditions, questions of discrimination which arise in open shops and in factories, such as you heard mentioned, in reference to discriminations in regard to employers, and in regard to kind and character of work given, and so on, do not arise in your industries?

Mr. EIDLITZ. No; very rarely. There have been cases brought up, but not in the bricklaying end of it; but in some of the other trades where that question has been raised, but it is rare.

Mr. THOMPSON. But it is not the rule?

Mr. EIDLITZ. It is not the rule; it is a very rare occurrence.

Mr. THOMPSON. In consequence your board of arbitration has not been called on to deal with this class of cases to any extent?

Mr. EIDLITZ. No.

Mr. THOMPSON. And there has been no need, at least from that source, of immediate action?

Mr. EIDLITZ. No.

Mr. THOMPSON. Is it not true, as a matter of fact, that the board of arbitration or conciliation has to deal with larger problems and more large questions?

Mr. EIDLITZ. Very much more.

Mr. THOMPSON. Such, for instance, that if a decision was forced on either one side or the other by the introduction of an umpire, it would lead to the breaking down, possibly, of the arrangement?

Mr. EIDLITZ. Well, the idea advanced this morning by several of those who testified, that the umpire is more of a club, so that the contending parties should get together, that is true. In other words, when the employer and employee have been legislating together with the interest of the craft, they know exactly what is meant; they talk each other's language, and any outsider that comes in may go wrong one way or the other, with the best intent in the world, because he doesn't really grasp the problem; consequently that is why I tell you that in 32 years, as far as the bricklayers are concerned, there have been only two arbitrations, because, fearing that possibility, either one side or the other gave way rather than to have an umpire come in.

Mr. THOMPSON. But your provision provided for it?

Mr. EIDLITZ. Absolutely, and I might say in both instances where the employers forced the issue and insisted on the umpire, in both cases the employers lost.

Mr. THOMPSON. Then your statement even would bear out also the proposition that was made with reference to factories this morning, of Hart, Schaffner & Marx, that when the machinery gets to working well, and the people understand each other, while it is a good thing to have the umpire, the necessity of calling him in becomes less and less frequent?

Mr. EIDLITZ. Absolutely.

Mr. THOMPSON. But all the time the parties are aware of the fact that there is somebody who can decide if they do not agree?

Mr. EIDLITZ. Exactly.

Mr. THOMPSON. Of course, you are only speaking now of this one industry—of the bricklaying industry?

Mr. EIDLITZ. Yes. Now, you understand, there are about 30 trades in the building industry, and I would like to explain that to you briefly.

Mr. THOMPSON. You can go right to that now.

Mr. EIDLITZ. In 1903 all the trades in the building industry were organized; they are closed shops, or were in 1903, and, due to the strength of organized labor on the one hand, and a certain laxity of certain employers' associations on the other hand, and a natural selfishness and cupidity of men in all business relations, a mode of procedure grew up there of grafting, which was so—grew to such an extent and became so that a number of leading employers in all the various industries made up their minds that they would never maintain their self-respect, and it became a question of proceeding in other ways, and we locked out the whole building industry, and we shut down absolutely in the city of New York. We organized in three weeks an employers' association, composed of the various industries in the building industry—that is, granite men, marble men, plumbers, steam fitters, carpenters, and all the various classes of trades that go to make up a building—and inside of three weeks we had 1,000 firms and incorporations in our organization.

Mr. THOMPSON. Binding each one?

Mr. EIDLITZ. Binding each contractor—each firm.

Mr. THOMPSON. To live up to the arrangement?

Mr. EIDLITZ. To live up to the dictates of the board of governors. That board of governors was formed, and bonds were placed, and contracts were placed inside of four months and inside of four months we were ready to do business. We took every one of these organizations and wiped them off of the face of the

map, and came out frankly and said that we would pay union wages, but that the graft proposition in New York had to stop, and we stopped it. We sent eight men up the river, and the whole proposition was handled without gloves.

Mr. THOMPSON. When you say eight men were sent up the river doubtless you mean the River Styx?

Mr. EIDLITZ. Well, Sam Parks passed over while he was there.

We then organized what is known as the joint arbitration plan and compelled every one of these organizations to come in. It took us six months to get one of them, but we got it, and we compelled every one of them to sign an agreement that they would take arbitration first and not strike first. It was a pretty severe fight, and it strained everybody pretty much, but since that time, although there have been discussions about striking and all that sort of thing, whenever the situation got really serious, whenever all remonstrances were unavailing, we simply did the other thing, we used a club.

You wanted to know what the situation is, and the relation between employer and employee. The way we look at it is this, that both sides should be thoroughly organized. All this transition period, the kindergarten game that you are going through in the garment trade, is preparatory. We are going through the first initiation. They were warned years ago what they would have to come to, but they would not believe it. All this preferential shop business is elementary. There is only one way to do it, to have both sides thoroughly organized, absolutely contractual relation, and then have a feeling that every act of one against the other must be tinged with apprehension. That is the relation between employer and employee. I have been at it for 32 years, and that is our result.

Mr. THOMPSON. Do you think that to-day, without organization, the attitude is not tinged with apprehension?

Mr. EIDLITZ. Do I think so?

Mr. THOMPSON. Do you think to-day, without the perfect organization you think of in the other lines of trade, that the relations are not tinged with apprehension?

Mr. EIDLITZ. Not so much; and you must not forget, that, taking the building industry as a class, they are about the highest grade of skilled men, and as individuals, both in education and everything else, as high as anybody else in the mechanical line; and you have to deal with that business sense and ability and acumen, and with a war chest.

Mr. THOMPSON. But your statement amounts to this, Mr. Eidlitz, that where there is good organization there are greater fears. From your explanation of that I would understand that that fear is simply that if there is a rupture it is more serious.

Mr. EIDLITZ. That it is a serious thing. That it is not gone into lightly.

Mr. THOMPSON. But in the relations from day to day, in the carrying out of their respective parts of production or industry, the greater organization holds a greater position, does it not?

Mr. EIDLITZ. Absolutely.

Mr. THOMPSON. I simply wanted to get that.

Mr. EIDLITZ. Yes. You see an awful lot about the relations of capital and labor and what they are going to do. That is my opinion of it, after having worked with them for that length of time, that it is a question of selfishness on both sides; many times the employer is just as much to blame, and sometimes more, than the workmen, and you have got absolutely to take an organization that takes them in hand. We do not do a thing to some of these employers; they are fined good and plenty.

Mr. THOMPSON. Do you enforce your rules?

Mr. EIDLITZ. Yes; absolutely.

Mr. THOMPSON. And you get the money?

Mr. EIDLITZ. We get the money.

Mr. THOMPSON. It is not proper, perhaps, to ask what becomes of that money?

Mr. EIDLITZ. The money goes into the war chest of the Building Trades Employers' Association.

Mr. THOMPSON. Where the action of an employer has resulted in injury to an employee, does any of that go to the employee?

Mr. EIDLITZ. No; we never give anything to the employee.

Mr. THOMPSON. We have had instances of that kind in the molders' trade.

Mr. EIDLITZ. There may be some instances of that in other trades, but that is not so in ours—that is, in the mason builders' trade.

Mr. THOMPSON. I understand the agreement practically expired as a matter of definite contract, but exists as a matter of common-law practice. That is true, is it not?

Mr. EIDLITZ. Yes.

Mr. THOMPSON. What was the form of the arbitration board under that agreement?

Mr. EIDLITZ. Under the arbitration agreement each one of the trades had to have a trade agreement—definite arrangement—but that exists between the employer and his workmen. Then, there was a trade arbitration board for each trade, where the minor troubles were brought up. But where the real trouble would be apt to arise in that industry, you see, would be where one trade would claim jurisdiction over something that another trade claimed—both bona fide union men and both having apparently the right to make that portion. That led to what we call the sympathetic strike, and there we were for many years subject, at a moment's notice, to having the plumbers pulled out on one job, or the steam fitters pulled out on another job, all because the steam fitters or the plumbers claimed that the work to be performed that was in their jurisdiction was being performed by the other people and, therefore, the trouble was on.

So the object was to do away with the sympathetic end of it. That is where this general board came into force.

Now, each trade was organized; each trade had its own arbitration board. In addition to that each trade sent two representatives, two employees, and two journeymen from each trade into the larger body, which was known as the general arbitration board which was composed of 120 men. Of course, with 120 men you could not do business, so there was an emergency committee created composed of 12 men, who sat on an average of about three times a week from 8 to 12 in the evening. They handled all the cases that came up. That was a joint committee composed of six journeymen and six employers. Whenever a case came up which involved anybody on the board, he had to get off of the board and he was replaced, so that nobody was trying his own case or the case of his own trade.

This emergency committee made the absolute ruling in the interim of the meetings of the board, which occurred once a month. If a ruling was felt to be very onerous on the loser, he had a right to appeal to the general body, and a vote was then taken in the general body as to whether or not they would order that motion or order reviewed, and if not, why that was the final order of the board and it had to be maintained and lived up to.

That went along for seven years. Under it any number of minor troubles were adjudicated and in addition about 90 contentious questions of sympathetic trade disputes.

Mr. THOMPSON. What ordinarily are called jurisdictional matters?

Mr. EIDLITZ. Jurisdictional matters—90 of them. They are right in this book.

In 1910 the steam fitters struck. They raised the wages. They were ordered back to work by the executive committee. They did not go. They were ordered back by the general body. They did not go. We gave them another week—so as not to make the fight—and brought them up again, and again they were ordered by the general body of 120—60 on each side—to go back to work, but they did not go. Then the arbitration board adjourned, because it was one of the articles in the document that the unions as a whole guaranteed the faithful performing of each organization. It might not apply to a single man, but when it came to the organization, the unions as a whole guaranteed the faithful performance in carrying out the edict of that board. That gave them three chances, but they did not do it; and, then, we had to go in and lick them and it took us five months to do it.

Mr. THOMPSON. In the meantime what became of this proposition?

Mr. EIDLITZ. That was abrogated, and the board was adjourned, and it has never come together again. There have been several attempts made to bring it together, but the trouble was that—during the interim, through the house complications—there are really one or two organizations there who are not in a position to maintain their position; in other words, you have one or two trades there in which the same situation obtains that was manifest in these garment trades—the point being this: Human nature is a gamble, and—until one makes the experience that the gamble is not worth it—he is bound to try it on, and there are a number of new men coming into the field all the time that are willing to take a wildcat chance instead of being conservative. That

this the reason these men are working along with the preferential shop—some of the men union and some of them not union.

I will tell you, I have never been in a shop of the garment industry and I do not know anything about such a shop; but I will tell you, from my knowledge of union conditions, that the only reason why an employer employs a union and nonunion man is that he wants to have the balance of power, so that if the situation is just right he would really be in a position to crowd down the union as well as the nonunion. The man who has a brain and is seeking to improve his condition is absolutely bound to go into the union. It means bettering his condition and raising his wage, and, therefore, if he has any sense at all, he goes into it. There are a few isolated individuals who have still got the idea that the individual is the sole master of the situation—that he has a right to sell his labor as he wishes, and so on. That is not so to-day. This is the day of the group.

Mr. THOMPSON. Then you do not agree with Mr. Briggs, the molder, in the statement he made, that he believed that the workingman could better his condition quicker and could do better individually than he could by joining an organization?

Mr. EIDLITZ. I know very well he could not, because it is not in human nature to permit him to do it. Any man who starts out in business, any young man with limited capital and full of ginger, thinks he is going to show the older concerns how to do it, and the way he does it is by trying to get the best of his neighbor. An organization is simply the defense against that condition, and all this talk about a preferential shop is bosh.

Mr. THOMPSON. You are not at all on the fence in that question?

Mr. EIDLITZ. I never have been—all my life.

Mr. THOMPSON. You have not talked with Mr. Brandeis about it, I take it?

Mr. EIDLITZ. No; I do not know the gentleman.

Mr. THOMPSON. I would like further to ask you about what machinery has been used by the two associations since the abrogation of this contract to adjust their grievances on matters between them.

Mr. EIDLITZ. I want to make quite an important point there, as long as you bring it up. The general arbitration board provided this. The main cause of friction between the employer and the union is the walking delegate or business agent. Now, if he is an honest business agent he is a great help to both sides. If he is a dishonest agent, and is looking to polish his halo or be a "hell of a fellow" to his craft, he is going to make trouble for you; that is all.

Now, he has the opportunity, being backed up. Pardon me, Mrs. Harriman, Commissioner HARRIMAN. That is all right.

Mr. THOMPSON. Do you want to make any additions to that?

Mr. EIDLITZ. I forgot for the moment; you will pardon me, Mrs. Harriman?

Commissioner HARRIMAN. Certainly, Mr. Eidlitz.

Mr. EIDLITZ. When I get on that subject, you know, I feel pretty strongly on it.

Well, when this plan was started it was really the revolt of the employer against the nefarious practices of the business agent. It was stipulated that the members of the general board should be members who are at work at the craft—not business agents, not business officers. In other words, it was stipulated that they should be men who would represent their organization. Here is an organization with four or five thousand men, or with 1,200 men or with 600 men, or whatever it might be. They certainly ought to be able to find two men in that body who could adequately represent them on that board, without taking one of their business agents or an officer or some one of that sort. Of course, in some cases they did select a man who had been a business agent, and of course we could not take exception to that. That is what happened. When the board ceased operations, of course those who had been appointed to represent the unions on the board could no longer act, because the board no longer existed, and the only relation between the employers and the men, outside of the trade board, because, mark you, the trade board was in existence all this time—

Mr. THOMPSON. The individual trade boards?

Mr. EIDLITZ. The individual trade boards were all going just the same, except the steam fitters, and then they healed up and they started. But the general board did not start again, and the way the proposition is handled is that whenever there is a discussion which can not be handled with the trade board a committee from the building trades council appears before a committee of building trades employers, which is an executive committee, and we call the executive committee, and a decision is reached right there as to what

is to be done with the situation, whether we say, "We will not grant it. Do your worst," or "We will discuss it," or "We will do this," or "do that." But it is handled right in committee now. We have had half a dozen arbitrations since then. The whole attitude absolutely is to do the right thing and to be conciliatory up to the point where the demand is unreasonable, and the men have in all fairness no right to demand what they do, and then we sit back and fight.

Mr. THOMPSON. Have there been since the strike of 1910, which you speak of, many sympathetic or jurisdictional strikes?

Mr. EIDLITZ. Very few. I want to say that one of the things that I think ought to go very far to convince everybody that this plan has done a very useful work, one of the things that the building trades counsel did within a year after the dissolution of the board, was that they voted that this was the Bible—[indicating book], so far as the trades were concerned, and that every trade in the counsel had to abide by these decisions, so that that by itself eliminated 90 per cent of all the points of dispute in the building industry.

Mr. THOMPSON. So far, in the matters which have come up since 1910, then, you have had no difficulty in adjusting them to the satisfaction of both sides and without any unnecessary delay and waste of effort?

Mr. EIDLITZ. Reasonably; reasonably. There have been one or two cases that have grown serious, but reasonably that has been done.

Mr. THOMPSON. Have you any opinion as to the advisability of reestablishing the old agreement now in New York?

Mr. EIDLITZ. I think that there probably will be some way of reestablishing it, whether it will be quite in this way or not I am not prepared at this time to say. I think it could have been reestablished if the trades had not made the demand that certain organizations who are not at peace with their employers had to come in. We refused to establish a plant in which the employers and employees were not at harmony and peace with themselves. You see the point? In other words, if the employees and employers of that particular trade are not at peace, it does not do us a bit of good to have a trade arbitration board, because it simply means a row, with sides taken one way or the other. You can not get away from it. We were perfectly ready here a couple of years ago to take all of those trades that had the trade agreement with their employers and start the board over again, and then take each one in as they got at peace with their employers.

Mr. THOMPSON. Then you contended it would be a good thing to get the different factions, even though there was a lack of peace prevailing, together under a general agreement and through the channel and form of the agreement to bring about peace in the different trades?

Mr. EIDLITZ. There has been a difference of opinion on that. I personally would be in favor of it.

Mr. THOMPSON. You would be?

Mr. EIDLITZ. Yes. There is a difference of opinion on that, but there is something to it. I want to say right here that of course the main bone of contention is the iron industry.

The house men were the grossest offenders, and they made it very difficult for us, and at the same time I personally have felt that if a boy is bad there is no use spanking him continuously. He has been bad and he has had his punishment, and he has demonstrated that he would go to all the lengths possible in the way of being a bad citizen, but it is supposed that he has seen the error of his way, and that is my view of it. But that is not shared by the iron trades.

Mr. THOMPSON. Do you think that if a trade agreement containing the machinery for conciliation and arbitration generally were entered into in the building trades it would be of advantage to the industry, or would you be opposed to it?

Mr. EIDLITZ. There is no question about that. We have done it all these years and will continue to do it in one form or another. If we do not do it by that plan, we will do it as it is now, and it is a question whether or not it is a good way to do it by star-chamber proceedings. Twenty men get together and say what is going to happen, and that is the end of it. They can get together and have a lot of discussion and say, "You arbitrate that," and they will do it. Sometimes it takes them a little while to do it—feeling their oats again, you know—

Mr. THOMPSON. Do you mean the builders?

Mr. EIDLITZ. Both. We have one case where we ordered an employers' association to do it, and they backed and filled, and it took three months to make them do it, and nobody was suffering very much in the meantime; but they are doing it now.

Mr. THOMPSON. But still that would leave, would it not, as a matter of fact, the decision with the respective parties as to whether or not they would arbitrate?

Mr. EIDLITZ. It is really not very different from the emergency committee before. The emergency committee was authorized to settle. It was composed of six on each side, taken out of the general number.

Mr. THOMPSON. But this committee consists generally of the general employers only?

Mr. EIDLITZ. No; it is composed of men from both sides.

Mr. THOMPSON. I misapprehended that fact.

Mr. EIDLITZ. No; it is from both sides.

Mr. THOMPSON. I thought that a member of the building-trades council came over to this committee of 20 employers and said, "Here is the trouble. Now we would like you to meet about it;" and then the 20 employers met behind closed doors.

Mr. EIDLITZ. No; the whole thing is thrashed out right there, and the whole tendency and drift of the relation has been so completely stipulated and indicated by the last 10 years' work that everybody understands it; and if any sort of a fair case is made there is no doubt about the decision.

Mr. THOMPSON. Then we might say that there is now a common law existing in the custom of the trade?

Mr. EIDLITZ. Yes; that is it exactly.

Mr. THOMPSON. Which has been founded on the agreement, and that under this custom you have got substantially all that could be gotten by an agreement, and it is really in effect a tacit agreement?

Mr. EIDLITZ. It is a tacit agreement; but, you see, it has all been built up. The only questions that come up are questions of jurisdictional disputes.

While I have the privilege of being before you I should like to give vent to one thought right in connection with that, and that is this: I am satisfied the way the whole industrial relation is trending now is that the way to have peace is to have your trade relations, the family legislating for itself, and to have, if you like, a larger body, as in our case, or as in many other industries, to which matters are referred; but beyond that, if it comes to a case of lockout or strike, before they come to that it should go to a judicial body known as the industrial court of that State, of that city, and there should be an appointment of one industrial court of three or five or whatever number may develop to be necessary, if possible, by the Supreme Court of the United States.

Commissioner DELANO. Appointed at the time, or a standing court?

Mr. EIDLITZ. A standing court, I think, should be in every State, and particularly in some of the big cities. We have a night court for family relations. Now, I think it would be a pretty good thing to have a night court about once or twice a month for industrial relations.

Mr. THOMPSON. Family relations?

Mr. EIDLITZ. Yes; certainly. We have that right in New York. Bring up all these little scrap cases in the family.

Mr. THOMPSON. Not living in New York, I was not acquainted with what that meant.

Commissioner DELANO. What would be the idea, then, as to the establishment of, say, some form of special council for the consideration of industrial disputes that could be appealed to by the parties, either or both of the parties, in such cases of last resort as you have named; perhaps a body without power to enforce, but power at least to investigate?

Mr. EIDLITZ. That is the building-trades department of the American Federation of Labor, and I do not believe in it.

Commissioner DELANO. How would it be if the Federal Government did it?

Mr. EIDLITZ. It would be very fine if they did it.

Commissioner DELANO. Like the Industrial Council of England?

Mr. EIDLITZ. Mind you, when I say I do not believe in this building trades department of the American Federation of Labor, I do not want to be misunderstood. I absolutely believe in their end of it, in the national association to handle troubles in their own unions as between unions; but for the building trades department to set itself up as judges of what is happening in one locality or another, when as a matter of fact they have great difficulty in con-

trolling their own organizations in different localities, and then for them to come and say what opinion they have about the employers in that industry, is just arrogating to themselves a power that they can not maintain.

I have very good friends among the American Federation of Labor, and I know them very well, and they know where I stand on it. They are doing a great work, and I am with them, and all that sort of thing, but you can not have any discussion in any court of last resort, when the judges there are biased, as they are bound to be.

Commissioner HARRIMAN (acting chairman). Mr. Lennon, do you want to ask any questions?

Commissioner LENNON. I want to ask you, Mr. Eidlitz, in view of the fact that this commission is going to meet in New York on the 4th of May, whether you would be willing to submit to us a brief at that time, indicating how you believe the jurisdictional problems can be eliminated from the building trades?

Mr. EIDLITZ. I wish I could, Mr. Lennon.

Commissioner LENNON. You have been up against it, and you must have given some study to the matter.

Mr. EIDLITZ. I will say this, that I think you are starting partially in the right direction now. I think that the uniting of the steamfitter and the plumber now is a good thing.

Commissioner LENNON. Would you be willing to undertake to do that?

Mr. EIDLITZ. The only point about it is that you see you may go pretty far in that. You propose to build up the house men by giving them the metal lather and perhaps the pipe coverer. Now, we are not for it.

Commissioner HARRIMAN. Why?

Mr. EIDLITZ. Because the metal lather has a very strong organization of his own there, and it brings up all sorts of pipes, you know, and you are getting pretty close to the quick on many of those propositions.

Commissioner LENNON. Where you see that the matter is going to work out itself for you, the building contractor, you are for it, and where you see it is going to make you more trouble you do not care to be pushed just at the present time.

Mr. EIDLITZ. Well, I will put it that way. Then there is another point that you do not want to forget, and that is that the stronger combination is not with you at all, and that is the bricklayers. We have got to reckon with him.

Mr. THOMPSON. Does he have any jurisdictional fights?

Mr. EIDLITZ. Well, some. [Laughter.] I was in hopes of meeting some of my friends here to-day.

Mr. THOMPSON. Does he fight with the plumber?

Mr. EIDLITZ. Oh, no. He has got an arrangement now with the plasterer. There is one branch of the bricklaying industry which is the stonemasons. I think we are getting a little too intimate, now, on this thing. I do not think it belongs to you.

Commissioner LENNON. We will not take it up now.

Mr. EIDLITZ. But it is a fact. The only point I want to make is this. I absolutely believe in unionism. I absolutely believe in collective bargaining. I absolutely believe in the relation between the employer and the employee in the trade board and in any other method of arbitration that you can devise for taking care of jurisdictional troubles, I do not care where they come from. But I do not think that I want to say at this time that I want to do anything that is going to inordinately bolster up the other side of the fence, particularly when they are not in a position to maintain the stand that they are standing on, and I know it, and I know what I am talking about.

Mr. THOMPSON. I will say that our idea is to go into this proposition more fully in the other cities in the country, and while I am not authorized to speak for the commission, they will simply take the question as it comes before them and consider it.

Commissioner LENNON. Most of the agreements as between you and the bricklayers, for instance, are verbal agreements. They are understandings reached by men; they are not written agreements?

Mr. EIDLITZ. Absolutely, every agreement is a written agreement. I should say so; and there have been some things that have been in that agreement, and that have been in for 10 years, and then we finally came to the test after 10 years, in regard to the necessity for an interpretation of them, and we had to get a lawyer in there to interpret them, and he found against us.

Commissioner LENNON. Do any of those agreements appear in your book which you have here?

Mr. EIDLITZ. No, sir.

Commissioner LENNON. They do not.

Mr. EIDLITZ. I want to say right now to you gentlemen—I think after what I have said I owe that to you—of course, in New York the relation between the employer and his employee is very close, and for that reason you will find that it is not so easy to upset conditions there.

Mr. THOMPSON. It is far more easy in other cities than it is in that city? What do you mean by that?

Mr. EIDLITZ. I mean to say this, that I think there are a number of trades there that if their national organization were to tell them, "It is for the best interests of our organization as a whole that you shall break your contract with your employer," they would say, "We will be a local," and "Good-by." They would say, "We will take our chance with our employers." That is what I mean.

Mr. THOMPSON. I was referring to the matter of local conditions.

Mr. EIDLITZ. I mean the relations between employer and employee in New York. They have scrapped together, hard, and they have a good deal of respect for each other, and the employees know when the employer tells them he will do thus and so he will come pretty near doing it. If they can get the employer to enlist with them, they will say good-by to the central body.

Mr. THOMPSON. Then you have not the idea that Mr. Cohen had, that you should look to the international union rather than to local unions?

Mr. EIDLITZ. You threw out a point there which I knew all about. You threw out a point there which meant that on these jurisdictional questions the American Federation of Labor, or the building-trades department of the American Federation of Labor, should come in and adjust those disputes.

Mr. THOMPSON. Oh, no; I had not that thought.

Mr. EIDLITZ. I thought that was what you were driving at. I beg your pardon, then.

Mr. THOMPSON. No; I was asking you what you thought about a federal body created by the United States Government.

Mr. EIDLITZ. I told you I thought that would be a fine thing.

Mr. THOMPSON. But, although I am acquainted with several of the officers of the American Federation of Labor, I did not know that they had such a thing as a building-trades council; or, if I had known it, it had absolutely passed out of my mind.

Mr. EIDLITZ. They are doing a great work.

Mr. THOMPSON. I know of the international unions. I hear of them in Chicago a great deal; but the American Federation of Labor proposition was new to me.

Mr. EIDLITZ. I absolutely agree with you, in that I think it would be a wonderful thing if we could have all of these preliminary difficulties considered in that way; and then if there was a somewhat higher tribunal, an industrial court, very carefully selected and appointed, they could go into that before the strike or lockout began; and my idea is that the United States should form them in the various States.

Mr. THOMPSON. Do you think the unions would agree with you on that?

Mr. EIDLITZ. I do not know. I do not see why they would not.

Commissioner LENNON. Would not such a trade court have to be in different branches? Would not there have to be a branch to handle the building trades, for instance, and nothing else?

Mr. EIDLITZ. I do not think so. I think if we had good legal minds on that court, that would be all that would be necessary; good intelligent minds; that is all that would be necessary. The trouble is that we often see things the wrong way, and we are very honest in our viewpoint of the thing, and we get at loggerheads, whereas it might be different if some dispassionate outsider should say, "You are wrong." On two occasions we have felt that we were absolutely right, and we would have fought about it, but our document says an umpire should come in, and the umpire has said, "You are wrong," and we laid down.

Commissioner LENNON. I have been dealing with jurisdictional disputes for about 30 years.

Mr. EIDLITZ. What is your trade?

Commissioner LENNON. I am a tailor by trade. I have dealt with all of them; and every one of these trades I have had to do with. I think on the disputes between the steamfitters and the plumbers I have had to change my mind, as I got more light, three or four different times within those 30 years.

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I do not know that I would be competent, even now, to deal with all the phases of that question. If I should start again, for instance.

Mr. EIDLITZ. Yes, sir.

Commissioner LENNON. And therefore I asked the question whether you thought that in the establishment of such a national board there would not have to be subdivisions; for instance, one for the building trades and perhaps another for the miscellaneous trades, and so on.

Mr. EIDLITZ. I have not given that sufficient thought to have an opinion on it. I have simply come to this conclusion, after having been with it now for this length of time, that the way matters are going now it should not be left any more to the family because of the results that happen; the outcome of the happenings is so serious that it should not be allowed any more to happen.

Commissioner DELANO. I did not understand what you said. It should not be left to what—the family?

Mr. EIDLITZ. Yes. You see, for instance, the most important indication of that is the condition of the railroads to-day. That is the worst type of it. In other words, if the railroads in self-defense should take the old stand and sit down and say, "Now, we are going to make the fight. We refuse to go any further. There is no reason why we should allow the Government to put us into bankruptcy. We are going to stop"—that would mean this. That would mean such an unfortunate situation for all the inhabitants of those various States which are supplied by the railroads that it would be a crime. It would not be allowed for a minute. It would be a case of anarchy.

Follow that down from that conclusion. Take it in the building industry. That means a great financial loss. If a man is putting up a building that costs a million or a million and a half, if he does not get it up in time he suffers a great financial loss. Still, it is not the same thing as a forwarder or a carrier who is put in a situation through labor disputes. Now, I say formerly they straightened it out and conciliated and then put the price on the public and went on again. But, I say, if they are going to have Government interference on one side, it should interfere all the way through. Let the family have their scraps and their agreements, but when they come to the point where they are not going to work any more and all the machinery that is in that particular industry has been exhausted to take care of it, and it becomes a case of a shut-down, I think it should go to the industrial court to say which it right and which is wrong and what ought to be done about it.

Mr. THOMPSON. Then your idea is to make that a sort of a compulsory court?

Mr. EIDLITZ. Yes; absolutely. Stop the economic waste. We have had enough of it.

Mr. THOMPSON. Have you followed the history of such courts carefully in Australia and New Zealand? They do not seem to have succeeded there.

Mr. EIDLITZ. I think there has been a good deal said on the floor below about education and about the thing being an educational matter, and it is, and there is no doubt about it. I think you will find where people have been making agreements and making contracts, if they agree that in case they can not get together they will submit it to industrial courts, then the compulsory part of it is not so serious, and if you have the court in existence you will find plenty of work for it to do.

Mr. THOMPSON. Just as it exists in the railroad machinery to-day, the board of mediation and conciliation being situated right here in this building?

Mr. EIDLITZ. Yes; after a fashion.

Commissioner BALLARD. The bricklayers' organization is a part of the international organization—the American Federation of Labor?

Mr. EIDLITZ. Yes; they are an international, but they do not belong to the American Federation of Labor.

Commissioner BALLARD. There are two separate things, then, the international and the American Federation of Labor?

Mr. EIDLITZ. Yes.

Commissioner BALLARD. I imagined they were the same.

Mr. EIDLITZ. No, sir; the bricklayers are an industry which is not affiliated with the American Federation of Labor; but most of the other crafts are.

Commissioner BALLARD. Most of the other 29 unions that work for you are?

Mr. EIDLITZ. Yes; most of them.

Commissioner BALLARD. What proportion of these 29 are affiliated with the American Federation of Labor.

Mr. EIDLITZ. Probably 95 per cent of them.

Commissioner BALLARD. There are only two or three that are not?

Mr. EIDLITZ. Yes. The unfortunate part of it is that that 5 per cent can do pretty nearly as much damage as the other 95 per cent.

Commissioner BALLARD. Will the unions in New York work for any contractors who are not members of that association?

Mr. EIDLITZ. Certainly; but the contractor has got to pay the scale and live up to all conditions. In other words, we meet and make the trade conditions for the city of New York in the various departments, and everybody else is supposed to live up to them, as we have to, and they watch us a good deal closer than they do an outsider.

Commissioner BALLARD. Can any man who works in any of the different crafts work for anybody in the union?

Mr. EIDLITZ. I think there are some exceptions. There have been some unions which have taken a position that is very reprehensible; they have kept their ranks closed and have charged enormous fees, and there were very certain times of the year when they would take accessions to their ranks.

Commissioner BALLARD. Is it as easy for a man to rise from the position of a workman to that of an employer as it was 20, 30, or 40 years ago? Do you think that the union system has a tendency to level and hold men down and keep them back from becoming contractors?

Mr. EIDLITZ. I do not think so. I do not think it is quite as easy now. The field of opportunity is not as great now in any part of life, and that holds in the building industry as well as in any other.

Commissioner BALLARD. Does your association with the unions in the building trades countenance sympathetic strikes? For instance, if there is a strike in any other town among the teamsters or any other class of workmen that is not affiliated, would they call a strike on a building that might be under construction or undergoing repairs?

Mr. EIDLITZ. That was one of the things that was tried in former years. That was eliminated by virtue of this plan. I do not think the organizations consider that a quite legitimate kind of warfare any more. I think that is rarely done any more. They confine the troubles of a given trade to its own city.

Commissioner BALLARD. Then they would not have a sympathetic strike because of some other town having a strike?

Mr. EIDLITZ. They could not do it, providing the agreement of the town you are talking about prevented them from doing it. In other words, they would not bring trouble in from New Haven if the New York agreement stated that they were not to withdraw the men from the shop; that is, unless it was something that was a specific violation of the agreement. That is a good question, though. There is some of that done.

Commissioner BALLARD. The New York contractors take jobs in other towns?

Mr. EIDLITZ. Yes.

Commissioner BALLARD. Does your firm do that?

Mr. EIDLITZ. Yes.

Commissioner BALLARD. If you take a job in some other city where there are these labor unions, the members of which do what goes into that particular building, and if they are not all represented in that particular town, how do you handle it—let the nonunion men in other trades go on and fill up the gap, or is it necessarily done by union men?

Mr. EIDLITZ. I employ union men, absolutely, wherever I go.

Commissioner BALLARD. If any part of the work in a building in any other city, which you are building, is done by nonunion men, then the whole thing would stop?

Mr. EIDLITZ. Oh, no; they know where the New York contractor stands, and they would simply tell him about it, and he would correct it. This business of a flash in the pan is pretty well eradicated.

Commissioner BALLARD. That is, the tendency of the New York contractor who contracts to work union men only would not be to utilize in other towns, in building contracts, nonunion men, because when you go to those other towns you insist upon having union men only?

Mr. EIDLITZ. Yes.

Commissioner BALLARD. Will union men work on all kinds of products, whether they have been made by union or nonunion factories?

Mr. EIDLITZ. Some trades have taken that up, but in most trades it does not enter. In all clay and brick products and all pipe products they are all union.

Commissioner BALLARD. Will the steam fitter fit pipes from a nonunion factory?

Mr. EIDLITZ. Yes; it is none of their business.

Commissioner BALLARD. But some of the trades do discriminate?

Mr. EIDLITZ. Yes; the wood trade.

Commissioner BALLARD. It does?

Mr. EIDLITZ. Yes. That is about the only one.

Commissioner BALLARD. Supposing you are building a building in some other town and the architect should specify some other character of material or work, like frames of doors, which have been made by a nonunion shop; then, they would not put them up?

Mr. EIDLITZ. They might, but it would depend upon where it was. In the city of New York they probably would not, and if the architect specified it that way, the contractor would not order it. He would know what he had to do.

Commissioner BALLARD. Do men do as much work now as formerly? For instance, do bricklayers and others do as much work as they used to do? I have heard it stated that they do not.

Mr. EIDLITZ. It varies in certain crafts. You take the average bricklayer to-day, and I think he is doing as much work per hour as he ever did in his life on the kind of work we do. You must not forget that the entire method of construction has changed, and it is impossible to take a skeleton building, where a man is putting up a 12 by 16 inch wall envelope, and in passing from one to another, the bricklayer has to lie down and do his work, and he can not do as much as he used to do.

Commissioner BALLARD. You do not find, then, that the tendency is for men to work slower and for all the men to stay with the slowest man instead of speeding up for the fastest?

Mr. EIDLITZ. No; that is a talking point, but one of the reasons why some of that happens is not so much from the desire, as possibly on general principles, that a man does not want to do more work than he has to, and due to the fact that many of the men masquerading as employers ought to be in the ranks. They do not know how to do the business.

Commissioner BALLARD. As I gather, in the building trades now the working day is nearly always eight hours?

Mr. EIDLITZ. Yes.

Commissioner BALLARD. Do you find that the men do about as much work in 8 hours under continuous work as they used to do in 9 and 10 hours?

Mr. EIDLITZ. No.

Commissioner BALLARD. You think they do less work?

Mr. EIDLITZ. I will say they do as much work per hour.

Commissioner BALLARD. But not as much per day?

Mr. EIDLITZ. No. Some of them say they do, but I know they do not. How can they?

Commissioner BALLARD. You ask me, "How can they?" I think it is probably a fact that in fatiguing and laborious trades the men do about as much work in 8 hours as they can in 12. You have not found that so?

Mr. EIDLITZ. I would not like to say as to that. I can imagine a condition where what you say is true.

Commissioner BALLARD. In the building trades you do not think that is so?

Mr. EIDLITZ. I should not think so. I think this, that the character of the work determines that so much that I do not think that I would like to answer that.

Commissioner BALLARD. You were speaking a while ago of a contractor putting up a building where the amount involved would be several million dollars, but the principle would be the same in any sized building, and some dispute might arise and the building be partly completed and remain for some considerable time at the expense of the owner?

Mr. EIDLITZ. Yes.

Commissioner BALLARD. There has been no way found of settling jurisdictional disputes?

Mr. EIDLITZ. Yes; we have settled 90 of them right here.

Commissioner BALLARD. Yes; but how many have there been?

Mr. EIDLITZ. It is not that there are so many different kinds, but there are so many repetitions of the same thing. You might have 20 strikes going on on the same basis, in different places. Mr. Plumber says that he wants to run this piece of pipe, and the steam fitter says that he has got to run the same piece. Mr. Steam fitter will be put off the job, and Mr. Plumber will run the pipe. Some distance away, where they are not so anxious about the plumber,

the plumber will be put off the job and the steam fitter will do the work. The point is, who does it. We do not do it.

Commissioner BALLARD. That has not been settled?

Mr. EIDLITZ. Yes; a lot of it has been settled.

Commissioner BALLARD. In New York does that come up to this board that would order this union to go to work?

Mr. EIDLITZ. Right on that I should like to tell you why I made the statement that I did before. Before this proposition was inaugurated at all and when the board of building trades—that is, the representatives of the unions—were in full force in New York, a jurisdictional case of this kind came up, and the general contractor or the subcontractor said, "We do not care who does it. The board of building grades settles who is to do it." They did it. They rendered a verdict. What happened? The organization that had the ruling made against them immediately resigned from the building-trades council and went out as a free lance, you see; and that is the same thing that will happen if it is worked from higher up, that is all.

Commissioner BALLARD. I have no more questions to ask.

Mr. EIDLITZ. You can not get an adjustment on a jurisdictional trade dispute, or any one of these disputes, unless the employer and the employee are parties to it, and unless they agree; if they can not agree who is to settle it and that it shall be final, if they both feel that it is not final, and it is not lived up to, it means a fight, and it is going to be serious for both sides.

Commissioner BALLARD. Is that agreement in force in New York City?

Mr. EIDLITZ. Yes.

Commissioner DELANO. What proportion of the contractors in New York are in your organization?

Mr. EIDLITZ. You mean of all the contractors?

Commissioner DELANO. Yes; of the building contractors.

Mr. EIDLITZ. I do not know what proportion.

Commissioner DELANO. Just roughly?

Mr. EIDLITZ. But I should say this, that in some of the trades I suppose there are 95 per cent of the business. In other trades, notably the plumbing trade, due partly to this situation, we do not control more than 60 per cent.

Commissioner DELANO. I want to get some idea of the numbers, so as to know how difficult it is. Is it a large number? Does it run up into the thousands?

Mr. EIDLITZ. No; I say there are about a thousand in the building trades.

Commissioner DELANO. I understood you to say that in your 32 years of experience you had only two or three cases.

Mr. EIDLITZ. In the disagreements between the bricklaying trade. That is only one branch.

Commissioner DELANO. I was rather afraid I had misunderstood that.

Mr. EIDLITZ. Yes.

Commissioner DELANO. In those 32 years how many serious interruptions or strikes have there been; many?

Mr. EIDLITZ. An infinite number, until we reorganized the whole situation.

Commissioner DELANO. That dates from what time?

Mr. EIDLITZ. That dates from 1903.

Commissioner DELANO. But in 1910 you had some trouble, did you not?

Mr. EIDLITZ. Yes; and we will always continue to have trouble as long as we live.

Commissioner DELANO. But I mean you had a long strike in 1910, did you not?

Mr. EIDLITZ. In one industry.

Commissioner DELANO. Of course, we are trying to discover the way of getting industrial peace, and in some industries, notably anything connected with public service, there can not be an interruption of an hour, even. The thing must go on.

Mr. EIDLITZ. Certainly.

Commissioner DELANO. You gentlemen are willing to face a situation where you have an interruption of a day or a week, or even longer, but in some cases nothing of that kind can be tolerated?

Mr. EIDLITZ. Exactly.

Commissioner DELANO. Then your idea of the solution in that case is to have some court that shall be selected in advance and not wait until the trouble comes to select the court?

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Mr. EIDLITZ. Yes.

Commissioner DELANO. I wanted to ask you what you referred to, about the umpire. Have you found the best results when the umpire was selected in advance or from waiting until the parties failed to agree and then selecting him?

Mr. EIDLITZ. I think that until the case is ordered to a real arbitration, the factor of there being no umpire does not hurt the case at all. I think when you come to the umpire, then is the time to say, "Now, we have got to go to an umpire," and then start and elect him.

Commissioner DELANO. What provision do you have—

Mr. EIDLITZ. I beg your pardon; perhaps I have given you the wrong impression. Where the case has been absolutely ordered to go to an arbitration, then of course before you go to an arbitration at all the arbitrators select the umpire.

Commissioner DELANO. But suppose you can not agree? Suppose there is a deadlock on the umpire? I have known such cases.

Mr. EIDLITZ. We select three or four, naming them as first, second, third, and fourth choice. We put those names in a hat and whichever one comes out, he is the man, and we go and see him. If he will not serve, then we go to the second one, and if he will not serve, then we go to the third one, and so on until we get a man.

Commissioner DELANO. Do you mean each party goes?

Mr. EIDLITZ. Yes; each one.

Commissioner DELANO. But I have known cases where 10 or 15 men selected by one side were rejected by the other.

Mr. EIDLITZ. Yes.

Commissioner DELANO. Do you not ever have cases like that?

Mr. EIDLITZ. We have had quite a number, of course, submitted; but I am talking about when we get to the point where they say, "On a pinch, we will take him." I do not mean to say that either side has not proposed half a dozen names which the other side would not agree to.

Commissioner DELANO. Do you ever have such a thing as running out of umpires?

Mr. EIDLITZ. Oh, yes; it is a very serious proposition, and it is a very difficult one.

Commissioner DELANO. What is the solution of that?

Mr. EIDLITZ. We have not got quite to that point.

Commissioner DELANO. The reason I ask is because you have been in this game a long while and have studied it.

Mr. EIDLITZ. Yes.

Commissioner DELANO. I should like the benefit of your suggestions.

Mr. EIDLITZ. So far the main trouble is, of course, to find a man with enough civic interest to give up his time and do it. Whether New York is specially favored in that direction or not, I do not know, but so far we have found men who are willing to do it.

Commissioner DELANO. You have got a good many to draw from there?

Mr. EIDLITZ. Yes; we have a good many to draw from. For instance, in this book you will find Charles Stewart Smith and Mayor Gaynor.

Commissioner DELANO. Do you find that a man who has rendered a decision favorable to one side is satisfactory a second time?

Mr. EIDLITZ. Oh, he never gets a chance again. Whenever a man has made his decision, that is final.

Commissioner DELANO. In regard to this vote of these 120 men you spoke of, where you said that was the third appeal, you said your joint committee of 120 men turned down the men who were on strike and ordered them back to work?

Mr. EIDLITZ. Yes.

Commissioner DELANO. In a case of that kind, was that a close vote?

Mr. EIDLITZ. There had to be a majority of each side present and voting; a majority—

Commissioner DELANO. Of each group?

Mr. EIDLITZ. Yes; of each group of 60.

Commissioner DELANO. That is what I wanted to know. What has been the effect, in the 32 years of your experience, in the matter of wages? How much have wages gone up in that time?

Mr. EIDLITZ. In our craft they have gone up from 42 cents to 70 cents since 1884.

Commissioner DELANO. That is more than wages in general have gone up, is it?

Mr. EIDLITZ. Perhaps a little more.

Commissioner DELANO. A little more?

Mr. EIDLITZ. You do not want to forget that the building trade is a hazardous industry, and that it is an industry that does not work all the year around. It is seasonal.

Commissioner DELANO. I presume that the cost of building has been advanced about in proportion, or fully in proportion, to the wages of the men employed in the trades, has it not? You have been able to charge that to the—

Mr. EIDLITZ. In most cases that is true, although—

Commissioner DELANO. You have increased your efficiency, have you?

Mr. EIDLITZ. We have overcome some of it in that way; and, furthermore, materials perhaps that formerly cost more money are now less, in some instances. Of course that does not apply to lumber. That is where there has been a premium in changing from lumber to steel. There is no doubt that in that respect there has been a decrease in the cost of material, and then an increase in wages all the way down the line. The increase in wages is not reflected in the cost of building to-day over what it was 30 years ago.

Commissioner DELANO. That is all.

Commissioner HARRIMAN. That is all. Thank you, Mr. Eidlitz.

TESTIMONY OF MR. W. J. SPENCER.

Mr. THOMPSON. Where are you located, Mr. Spencer?

Mr. SPENCER. At Washington.

Mr. THOMPSON. Have you had any experience with the New York arbitration plan of 1903?

Mr. SPENCER. None, except from a distance. The matter in New York is a purely local concern and did not affect the internationals or the organization that I at present represent.

Mr. THOMPSON. Then you would not be the best man to speak on behalf of the plumbers in regard to that New York arbitration plan?

Mr. SPENCER. No, sir.

Mr. THOMPSON. Therefore I will pass that by, so far as you are concerned.

Has there been any system of settlement of jurisdictional disputes involved in Washington here that abrogates a previous one?

Mr. SPENCER. First let me explain my position. I represent the building-trades department of the American Federation of Labor, and it in its scope takes in the entire country; that is, we have 20 affiliated organizations. All affiliated unions are international, and only internationals may affiliate. After we have secured the affiliation of the eligible organizations, then we establish local councils in the several cities throughout the country for the purpose of carrying out the law and the decisions of the department in general, making the claim complete, as it were.

Now, since that is the case, we have had no special duties to perform in the city of Washington, nor have we arranged or had any cognizance of local agreements or jurisdictional disputes, or of means of settling them, but on one occasion we did propose a general plan, not local, because we look upon jurisdictional disputes as general and not local at all. We proposed to the employers' association, of which Mr. Eidlitz, the previous witness, is a very active member, a plan of settlement that I still believe to be very meritorious. We proposed that a committee of seven, for want of a better illustration, but it may be more or less, representing the employers and a like committee representing the international union be selected, and that they should sit down and mull over the different troubles that arise in the building industry and try to reach conclusions in those disputes that each of them know are bound to arise and endeavor to find a solution of these disputes, not as they affected us in Chicago but all over the country, and simultaneously.

We proposed that plan. It has never been turned down, but it has never been accepted by the employers. I imagine it is largely because the employers of the standing of Mr. Eidlitz are somewhat reluctant to handle disputes affecting the building trades, or any kind of dispute, as a matter of fact. Their time is taken up with their own affairs—building affairs—and that to the exclusion of the building disputes. It is pretty hard to get Mr. Eidlitz or his friends interested in a matter of this kind, although Mr. Eidlitz goes further than any of the rest of them.

Mr. THOMPSON. I had intended to ask Mr. Alpine the result of his union dealing with the Federal association, or this American Federation of Labor body that you speak of.

Mr. SPENCER. Yes, sir.

Mr. THOMPSON. Which Mr. Eidlitz spoke of.

Mr. SPENCER. Yes, sir.

Mr. THOMPSON. Would you feel qualified to speak for him in that regard?

Mr. SPENCER. Let me understand you correctly. The relationship of the United States Building Trades Association with the building-trades department of the American Federation of Labor, do you mean?

Mr. THOMPSON. No; I do not mean that. What experience, if any, has the plumbers' union had with the building-trades department of the American Federation of Labor?

Mr. SPENCER. They have had many cases up there for adjustment or decision.

Mr. THOMPSON. Yes.

Mr. SPENCER. They have had one dispute being carried on—a dispute between the plumbers and the steam fitters—that has been before the building-trades department of the American Federation of Labor and every other body, whether supreme or minor. In the case where it has been called before them the plumbers' association got the decision over the steam fitters. They were of the opinion that the steam fitting was a subdivision of one general trade or craft, and that as a subdivision it should ally itself with the other subdivisions.

Mr. THOMPSON. Have the steam fitters accepted that?

Mr. SPENCER. Almost generally; yes. There are so very few cities now remaining out of the fold that I do not remember them. I do not know who they are.

Mr. THOMPSON. In your work in connection with the building trades department of the American Federation of Labor you do not come in contact directly with the question of collective bargaining, do you?

Mr. SPENCER. The plan of collective bargaining? There is no such thing in the building industry as individual bargaining. There is no such thing as an individual agreement there. They make agreements with their respective contractors all along the line.

Mr. THOMPSON. This building trades department of the American Federation of Labor is a body of men named beforehand?

Mr. SPENCER. Oh, no; it is an organization of international unions that operate in the building industry alone, that have come together and formed a delegate body, constituted by delegates from each international organization, and each delegate body then selects its officers and officials and executive council.

Mr. THOMPSON. In a dispute, such as you have named, between the plumbers and the steam fitters, to whom does it go? Does it go before your body, and how is it decided?

Mr. SPENCER. It is usually reported to the building trades convention of the department. The constitution of the building trades department requires that when a dispute occurs they shall endeavor to adjust it immediately, and if they fail, it is then reported to the convention and it renders a decision.

Mr. THOMPSON. What convention?

Mr. SPENCER. The next succeeding convention of the building trades department.

Mr. THOMPSON. Of what does that consist?

Mr. SPENCER. It consists of a delegate body of approximately 65 members.

Mr. THOMPSON. Did they take up, for instance, this dispute between the plumbers and the steam fitters, in that body of 65 people, and vote upon it, or did they delegate it a smaller body?

Mr. SPENCER. A conference was first held, and the result of that conference was reported to the convention, and the conferees had failed to reach a decision. It was reported to the convention and the convention thereupon decided which of the parties was right.

Mr. THOMPSON. The convention of 65 delegates decided that?

Mr. SPENCER. Yes.

Mr. THOMPSON. In other words, it was not taken up by a smaller body?

Mr. SPENCER. Of course that largely depends on circumstances. If there is a failure to understand any of the technical features of the dispute, it then

goes to the council, but finally it is decided by the convention, by the representatives of all the organizations.

Mr. THOMPSON. There is no decision made by any subordinate body to which you can refer any points of discussion?

Mr. SPENCER. No; that is impossible.

Mr. THOMPSON. Then the building trades department of the American Federation of Labor is simply some officials that are established there for the purpose of keeping track of things, and when disputes arise referring the matter to a conference, and then if the matter is not adjusted shortly to the convention?

Mr. SPENCER. The officials of the body are charged with duties of endeavoring to adjust disputes when they arise. When a dispute is reported it is the duty of the officers to try and reach an adjustment, a settlement of it, before it reaches the strike period. If the thing will permit of its standing over until it can be reported to the executive council or the next highest body in authority it is done so; and if not, it goes over to the convention.

Mr. THOMPSON. What is the success of the building trades department?

Mr. SPENCER. What has been its success?

Mr. THOMPSON. Yes; in handling these disputes.

Mr. SPENCER. It has had varying success. In some instances it has been markedly successful, in other respects not so successful. The cause for its nonsuccess is largely due to the suspicion of the employers as to the aims and purposes of the department itself. As I mentioned a moment ago, we proposed a perfectly plain and certainly well-balanced scheme to the employers' association, but they were reluctant to handle it, in fear that there was a "nigger in the woodpile," so to speak. That is the great danger in the building industry. We find that a proposition proposed by the employers is viewed with a certain amount of suspicion by the employees, and vice versa. The parties are being brought to a thorough understanding of each other's views. Hence it was the suggestion of the employers' counsel to have the two bodies come together by a subcommittee and have it presided over, if necessary, by an appointee of the Government Labor Department, or the President, or anybody else, so as to assure impartiality and honesty.

Mr. THOMPSON. In your opinion, in matters of that kind, is it advisable to have a third party to act, if need be, as an umpire, with deciding power on these matters in case the parties do not get together on a basis of conciliation?

Mr. SPENCER. Personally I favor that kind of a plan.

Mr. THOMPSON. Are you acquainted, Mr. Spencer, with the contracts which the plumbers' union has with building companies, if there are any?

Mr. SPENCER. No; the contracts between the plumbers and the other affiliated organizations are made by local unions direct with the local contractors. There are very few of them that are negotiated by the international organization. In case of the plumbers, for instance, they may make an agreement with a concern that is nation-wide in its character, such as a general fire extinguisher company or a concern of that character. In other trades they make direct agreements, too, with certain concerns; but for the most part they are made between the local organizations and the local contractors.

Mr. THOMPSON. Take the case of a national fire extinguisher company, what would be the language of the contract between the plumbers and that company?

Mr. SPENCER. I would rather not testify to that, because I am not acquainted with the technical relations between the two concerns. Mr. Alpine would be.

Mr. THOMPSON. There are some other questions of that character that I do not believe I will ask you, then. That is all I wish to ask this witness.

Commissioner HARRIMAN. Have you any questions, Mr. Delano?

Commissioner DELANO. I did not understand just what your position was.

Mr. SPENCER. I am secretary-treasurer of the building trades department of the American Federation of Labor.

Commissioner DELANO. And that is a building trades department of how many? How many men have you in it, seven or eight?

Mr. SPENCER. The building trades department is a group of the organizations members of the American Federation of Labor.

Commissioner DELANO. Twenty-five or thirty men?

Mr. SPENCER. No; it is composed of a group of 20 members—19 members at present. That is, the trades are represented in the department by delegates selected under the constitution by the international unions. It is really a delegate body.

Commissioner DELANO. That is what you referred to when you spoke of a council? When they get together you call them a council?

Mr. SPENCER. No, sir; the council is the local organization established by the department in any city. For instance, we established one in Washington and one in Chicago and one in New York, and so on.

Commissioner DELANO. Then the council takes charge of local things?

Mr. SPENCER. Yes.

Commissioner DELANO. And appeals to the central body if they can not agree?

Mr. SPENCER. Yes, sir; the council takes charge of local matters and adjusts, if possible, the disputes that may arise along the lines of the decisions reached by the department. If they fail to reach an adjustment or settlement they are referred to the department. And in the same relationship, all the affairs relating to the building trades in America are referred to the building-trades department and are settled by the general body.

Commissioner DELANO. In Chicago we hear a good deal—I confess I know nothing about it—of the charge that there is a limitation of output in the building trades. Is that true?

Mr. SPENCER. That charge was made quite generally and has always been made, as a matter of fact. For myself, I have never found it.

Commissioner DELANO. I have heard it spoken of very largely with the plumber—that a plumber is not allowed to wipe more than a certain number of joints in a day.

Mr. SPENCER. The plumbers presented that at one time, but it fell through. It did not last. As a matter of fact, the plumbers are doing more work to-day than they ever have done.

Commissioner DELANO. Is there such a thing as piecework in any of the building trades, or is it generally day work?

Mr. SPENCER. It is generally day work. In some of the smaller towns they may adopt a lumping system, but you will find that only in isolated cases.

Commissioner DELANO. Is there any such thing as a bonus?

Mr. SPENCER. Yes, sir; that frequently happens. You mean where a man is paid more than the scale of wages?

Commissioner DELANO. Yes.

Mr. SPENCER. Yes.

Commissioner DELANO. I mean for doing more than a certain amount of work.

Mr. SPENCER. Yes; pacemakers.

Commissioner DELANO. Do you tolerate that?

Mr. SPENCER. No, sir; they are not tolerated, but they exist just the same. Our members are not supposed to bleed the other men—make a pace, as it were—but they do. It is a common practice, especially in speculation work in the larger cities.

Commissioner DELANO. That is all I have to ask.

Commissioner BALLARD. Can anyone man belong to both these trades, the steam fitters' and plumbers' unions, if he wishes?

Mr. SPENCER. He can not very well do it, because the branches are separate. The kind of work is quite different, and if a man selects a trade like steam fitting, he becomes an adept at it, and he is best qualified to follow that trade.

Commissioner BALLARD, I was wondering how it was in the smaller towns.

Mr. SPENCER. It is not necessary then to carry two cards and belong to two unions. In the smaller towns the plumber and the steam fitter do the same work; that is, the plumber is both plumber and steam fitter.

Commissioner BALLARD. The plumbers in those small towns do steam fitting also?

Mr. SPENCER. Yes.

Commissioner BALLARD. You spoke of jurisdictional disputes. The gentleman who was on the stand before you said he thought they were local. You thing they are generally not local?

Mr. SPENCER. No, sir; it is impossible to consider them local. Jurisdictional disputes are the outcome of conflicts between the same class of unions, so that a jurisdictional dispute may exist in Chicago; that is the one that was settled in New York last week.

Commissioner BALLARD. You said the jurisdictional disputes were largely because of the employer's rather unfriendly attitude. I wondered what the employer's unfriendly attitude had to do with it.

Mr. SPENCER. His unfriendly attitude toward the plan we propose. I mentioned a plan that we had proposed to the contractors in New York, and they seem to be unfriendly to the proposition.

Commissioner BALLARD. That was to regulate these jurisdictional disputes?

Mr. SPENCER. Yes, sir; in a general way rather than in a local way. The building trades department and the unions of the building trades department, not in one trade but the international unions generally, took exception to the plan that existed in New York, which was described here rather in detail by Mr. Eldlitz. They took exception to that plan for the reason that all the employers have their organization, and then they are organized in a central body. All these local concerns are contractors, and the central body have representation on the board—the arbitration plan. On the other hand, the local unions have a building trades council, but the building trades council as such has no representation in the arbitration plan. The local unions do, but the central body has not. Consequently the thing is one-sided. There is a greater representation on one side than on the other.

Commissioner BALLARD. I thought a jurisdictional dispute was as to whether the plumber or the steam fitter should do that particular work. I did not see what the employers had to do with that matter.

Mr. SPENCER. As a general rule, they do not care. That is, I did not suppose they cared who did it.

Commissioner BALLARD. I thought it was decided by the trades-union men themselves.

Mr. SPENCER. Yes; but you have heard Mr. Eldlitz say that he took exception to the plan of the building trades department, which was aimed at the settling of these disputes.

Commissioner BALLARD. I did not understand that he objected to their settling the disputes, but it was tying up the matter until the American Federation of Labor or the local union came in and settled it.

Mr. SPENCER. Strikes generally follow, and it was for the purpose of preventing the stoppage of work that this idea was formed.

Commissioner BALLARD. I do not understand the difference between the national and the American Federation of Labor. Are the building trades not all affiliated with the American Federation of Labor?

Mr. SPENCER. Let me explain it to you. All of the plumbers and all of the carpenters and all of the bricklayers and the other trades are organized into international unions. That is, I mean to say that the different local unions throughout the country are organized into the international union of carpenters, all of the bricklayers are organized into an international union of bricklayers, and all the plumbers into an international union of plumbers, and so on right down the line. These international unions affiliate with the American Federation of Labor, so that the American Federation of Labor is the superior body in the labor movement.

Commissioner BALLARD. But it does not dictate to them what they shall do?

Mr. SPENCER. It is a purely voluntary organization.

Commissioner BALLARD. One other question about the plumbers. It has been suggested that perhaps union men only would work for plumbers who employed union men exclusively, and those plumbing establishments would be the only ones that would be allowed to buy plumbing materials from certain of these large manufacturing establishments. Is there an arrangement of that character?

Mr. SPENCER. When I was organizer of the plumbing association—the national association—I found that to be quite general—that is, I found it quite frequently, not generally. I found it where a number of unions would organize, that those unions would organize with the employers' associations, and they would agree that they would not hire nonunion men on the one hand, or they would not work for a nonunion employer on the other hand.

Commissioner BALLARD. Does that condition obtain yet?

Mr. SPENCER. I do not know. I could not say with any degree of certainty, because I have not been identified with the plumbers officially for six or seven years.

Commissioner BALLARD. At that time, then, the master plumbers, or the men who had plumbing shops, were the only men who could buy plumbing materials from certain of the manufacturers?

Mr. SPENCER. Yes. I remember a case in point where, while I was organizer, we had a strike in Dayton, Ohio. The union, in order to defend its position, was obliged to organize a plumbing shop. We immediately found that we were unable to secure supplies unless we would go to a nonassociation supply shop, and there, of course, we were confronted with high costs and poor deliveries,

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and sometimes poor stocks, and all that kind of thing. We found it was absolutely impossible to buy from an association house.

Commissioner LENNON. How many members are there in the building-trades council now?

Mr. SPENCER. In the department?

Commissioner LENNON. Yes.

Mr. SPENCER. Until November—I have not cleared up our accounts since then, but up until November we had about 450,000 members.

Commissioner LENNON. And that, with two or three exceptions, includes all of the building trades of the country?

Mr. SPENCER. Yes.

Commissioner LENNON. In your experience as a building trades man, have you found it possible to reach an agreement with building contractors that did not also provide for what is generally termed the union shop? Were you ever able to negotiate agreements on what is called the open-shop proposition?

Mr. SPENCER. No; we never did. I have never known a case of that kind.

Commissioner LENNON. Does it appear to you to be absolutely necessary in the building trades, if you want joint agreements, that organization must be backed by the agreements on both sides?

Mr. SPENCER. I do not understand how you could give life and force to the agreement unless the organization was behind it.

Commissioner LENNON. Do you in your experience find what is termed the sympathetic strike—just waiving, now, for the time being, the jurisdiction matter—do you find that the sympathetic strikes for other reasons than jurisdictional reasons are as numerous as they were 10 or 15 years ago?

Mr. SPENCER. Oh, my, no; by no means.

Commissioner LENNON. Does there appear to you to be some lessening of the sympathetic strike because of jurisdictional causes, or are those strikes growing less in number?

Mr. SPENCER. Yes; I think they are. They are probably not so noticeable. But when we speak of the number of agreements that have been negotiated between international unions on disputable matters, one can not help but realize that they are growing less.

Commissioner LENNON. Could you tell us why the break-off took place in New York between that organization that was started there in 1903 by the employers and ran for about seven years? Do you know of your own knowledge?

Mr. SPENCER. No; I think Mr. Eldlitz explained the real reason of that.

Commissioner LENNON. You are satisfied with the way he explained it?

Mr. SPENCER. Yes; that it was because of the steam fitters.

Commissioner LENNON. That is all.

Commissioner DELANO. I have one other question that I forgot to ask. This may not be a fair question, and you need not answer it if you do not want to.

One of the things that one hears pretty often, especially in respect to plumbing supplies, is that there is such a close combination between the dealer in plumbing supplies and the plumber that, for instance, I can not go into a supply house and buy the most ordinary thing, like a coupling, and apply it, although it might take only 5 or 10 minutes to apply it, in my own house. I have got to give the order to a plumber or a steam fitter and have him do it? Is that true?

Mr. SPENCER. I have never known the supply houses to be so careful as to the plumbing end of it. I know they have in many cases refused to sell to local consumers, but I do not believe they are so anxious to have a plumber put it in.

Commissioner DELANO. That is all.

Commissioner LENNON. What object would be served, except that they had some combination with the operating plumber? What end would they attain by refusing to supply such things? For instance, if Mr. Delano wanted to put in a faucet, what end could be attained by the plumbing house refusing to sell to him unless it was of some benefit to be gained by dealing through a plumbing house?

Mr. SPENCER. All the reason that I can get at—of course I have discussed this with representatives of supply houses and with the head officials of these houses and with the plumbers, and the reason they advance to me is—there are so many absolutely unworthy people in the plumbing business that they are compelled to seek some kind of combination for their own defense.

Commissioner LENNON. All right.

Mr. SPENCER. Now, I would just like to say that if the proposition that I have already mentioned here that we made to the employers is of any value to the commissioner, we shall gladly furnish copies of it, of course.

Mr. THOMPSON. I should like to say, if you should care to submit any brief statement or document to the commission we would be pleased to receive it.

Commissioner DELANO. Do you not think the employers should be considered in regard to that, because they might have some objection to it, not on account of what it sought to do but on account of some other things that might flow from it? I do not imagine that Mr. Eidlitz would have anything that might settle a strike, but he might object to it on other grounds.

Mr. THOMPSON. On the general proposition it might be necessary to submit it to the whole country. Of course we are going around to the various cities, and we are going to take evidence on this building proposition from both sides, and from the public in many places, and, of course, in the course of that work we will gather a great deal of information here.

Mr. SPENCER. Let me explain to Mr. Delano. I do not believe Mr. Eidlitz would find any objection to the plan. As a matter of fact, we submitted the plan to him before it was presented at a time when he was just leaving on a vacation, and he necessarily turned it over to others. I am satisfied if a man of the standing of Mr. Eidlitz will handle this, there will be more chance for the proposition; but it is killed by subcontractors.

TESTIMONY OF MR. HENRY STRUBLE.

Mr. THOMPSON. Will you please state to the stenographer your name, address, and occupation?

Mr. STRUBLE. My business is cut stone. I am president of the Henry Struble Cut Stone Co. I have a side line, as you will see on your program. I am secretary of the National Cut Stone Contractors' Association.

Mr. THOMPSON. Will you describe the circumstances which led to the formation of that association?

Mr. STRUBLE. It was brought about by the strike in Chicago, a general lock-out in 1900. The strike, so far as the stone part particularly was concerned, was on account of the refusal of the stone-cutting trade to work in connection with machinery, and the strike brought about a certain number of stone cutters who were members of the union in Chicago at that time, who withdrew and formed another independent organization, which grew to be the National Society of Stone Cutters. I guess that probably at one time they had in the neighborhood of 3,000 members in that organization, which included New York City, Toronto, Milwaukee, Bedford, Ind., Pittsburgh, at one time Cincinnati, and there was an organization here in Washington. It was the contest over machinery that brought about the organization of the National Society of Stone Cutters.

Mr. THOMPSON. What are the policies of the Stone Cutters' Union with reference to the use of machinery and the restriction of shipment?

Mr. STRUBLE. They have waived their objection entirely as to the machine-finished product, and as to the shipment of stone.

Mr. THOMPSON. Your association has, or the stone cutters'?

Mr. STRUBLE. The stone cutters' union. The old stone cutters' union did that, which is called the Journeymen Stone Cutters of North America. They finally made it a record of their organization that they would waive those points, about three years ago.

Mr. THOMPSON. Have you a copy of the agreement existing between your association and the union?

Mr. STRUBLE. Yes, sir.

Mr. THOMPSON. Would you object to giving the committee a copy of that agreement?

Mr. STRUBLE. No, sir; I would be pleased to do so. You understand, this is between the Journeymen Stone Cutters of North America, and that the other organization has been wiped out of existence, as it were. That is, the contest between the two unions, the strife, lasted about 11 years, and finally terminated in a contract being made between the National Stone Cutters' Society of the United States and the Journeymen Stone Cutters' Association of North America, and the National Cut Stone Contractors' Association, although the principal parties to it were the National Stone Cutters' Society, who were all willing to abide by the agreement.

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Mr. THOMPSON. This is a copy of the agreement?

Mr. STRUBLE. Yes.

Mr. THOMPSON. It does not seem to be very long. There is nothing on the back of it.

Mr. STRUBLE. No, sir; it is very short. It is right to the point.

Mr. THOMPSON. You might read it.

(The contract referred to was marked "Struble Exhibit No. 1," and was read aloud by Mr. Struble, as follows:)

**CONTRACT BETWEEN NATIONAL CUT STONE CONTRACTORS' ASSOCIATION (INC.)
AND JOURNEYMEN STONE CUTTERS' ASSOCIATION OF NORTH AMERICA.**

NEW YORK, June 4, 1913.

The following agreement entered into between the National Stone Cutters' Society of the United States and the Journeymen Stone Cutters' Association of North America and the National Cut Stone Contractors' Association of the United States and Canada, to be kept and abided by, by all parties for a term of five years.

This agreement is entered into with the understanding that the Journeymen Stone Cutters' Association of North America waive the foremanships, all stone-working machinery, shipping of stone, penalizing of North National Society Cutters in any manner.

Said Journeymen Stone Cutters' Association of North America and all other parties to this agreement hereby agree to the arbitration of all questions of dispute which may arise without cessation of work during said arbitration.

They further agree that the question of settling of cut stone and the jurisdiction over this work shall be settled and determined by the parties interested.

It is understood by all parties hereto that any and all National Society Stone Cutters presenting their working cards and payment of dues from January 1, 1913, shall be received into full membership in the Journeymen Stone Cutters' Association of North America with all privileges and benefits except the death benefit, which will not be operative until six months after becoming members.

It is hereby understood and agreed by all the parties hereto that further clauses can be added to this contract to provide for details not herein set forth.

The following are named to carry out the details of this contract:

Journeymen Stone Cutters' Association of North America: Sam Griggs, W. W. Drayer, and one executive member.

National Stone Cutters' Society: W. A. Guthrie, William Gray, and one executive member.

National Cut Stone Contractors' Association (Inc.): C. G. Fanning, P. B. Parker, Henry Struble.

It is further understood and agreed that all the contracts now existing between the cut stone contractors and the National Society of Stone Cutters shall be assumed and carried out by the Journeymen Stone Cutters' Association of North America.

The parties signing this agreement hereby declare that they are empowered to sign this contract under the constitution and by-laws of their respective organizations.

*WM. A. GUTHRIE,
President National Stone Cutters' Society of United States and Canada.*

*SAM GRIGGS,
President Journeymen Stone Cutters' Association of North America.*

*CHAR. G. FANNING,
President National Cut Stone Contractors' Association (Inc.).*

Mr. THOMPSON. Were there any more details of agreement as to arbitrations under this contract?

Mr. STRUBLE. Not that I know of, although there is a call now for a meeting to arrange for a definite board on arbitration.

Mr. THOMPSON. Then at the present time there is no means of arbitrating, no special machinery provided any further than that?

Mr. STRUBLE. There is nothing further than that. This is to stand until a definite board is provided.

Mr. THOMPSON. They are to act as a board of arbitration?

Mr. STRUBLE. Yes.

Mr. THOMPSON. I see nine people are named here.

Mr. STRUBLE. Yes; there are three representing the Journeymen Stone Cutters' Association of North America, three representing the National Stone Cutters' Society, and three representing the National Cut Stone Contractors' Association.

Mr. THOMPSON. Whom would you take for the board of arbitrators, the last three men named?

Mr. STRUBLE. Certainly, because the others are gone now.

Commissioner DELANO. That would be two employers and one employee, would it not?

Mr. STRUBLE. No; you misunderstand me. There were two labor organizations and one organization of contractors.

Commissioner DELANO. Then there would be two labor representatives and one representative of the employers?

Mr. STRUBLE. No; one labor organization has become extinct by this agreement.

Mr. THOMPSON. That would give you, at the present time, a board of six men to decide matters?

Mr. STRUBLE. Yes.

Mr. THOMPSON. What kind of questions are apt to come up before the organizations for adjustment by arbitration?

Would they be such questions, for instance, as the discharge of a workman and discriminating against a workman in connection with the kind of work given him or any question of that character?

Mr. STRUBLE. No, sir; I do not think that anything would come before this general arbitration board unless it was the question of wages in different sections of the country.

Mr. THOMPSON. Concerning a wage scale for either a district or the whole country?

Mr. STRUBLE. Yes.

Mr. THOMPSON. What is your opinion with reference to the best method of arbitrating differences between two bodies such as you have and as to whether they should have a different number, or whether there should be any addition to the equal representation of both sides, an independent umpire or third party, who, in case of necessity, could act in bringing the parties together and in deciding matters if it became obligatory to do so?

Mr. STRUBLE. My personal opinion is that a committee, consisting of an equal number from each side of the more intelligent people in both the contractors' organization and the labor organization, will bring about a better result. So far as our system of arbitration is concerned, while it might not apply to all others, I do not believe anyway in a third outside party as an umpire at all.

Mr. THOMPSON. In the early contracts which existed, was there any specific arbitration board provided for?

Mr. STRUBLE. There always has been, locally.

Mr. THOMPSON. What has been the form of that?

Mr. STRUBLE. The form that it is drawn in is along the lines that I have explained, but with the choosing of an outside party, should the parties not be able to agree.

Mr. THOMPSON. Is that same machinery still used locally?

Mr. STRUBLE. I think so, but in my experience of 32 years it has never been referred to in the stonecutting trade. The third party has never been called in as an umpire. If you were in the business, you would appreciate that more. It is generally a question of wages, or some matters that seem all important to those two parties that would not seem so to others, and the general conclusion is, in our business, from experience, when the question has been raised regarding a third party, that it is very easy to conclude or agree on a party, and more often than it is for the party to agree. The first thing the party wants to know is how much they pay for umpiring the job and the next thing is that it has become a known fact in our business—and that is why it has not been referred to—that it is a split; that is all it is. For instance, if the men in our trade in any city in the country will go under that arbitration agreement, and if they want an increase of wages of 50 cents a day it might be considered by an outsider that they were entitled to that, and they might ask for a dollar a day on the umpire proposition, if it goes to a third party, and the third party will split it. He will say, "What is your difference?" and "What is your difference?" and they will split it and call it square. So that I do not

think there is anything in that principle as stated the other day, that the umpire is the "goat" and I unload my troubles and you unload your troubles, and it is not what you are trying to arrive at.

Mr. THOMPSON. Then you do not believe that a third party can act as a conciliator, always, with the knowledge that both parties know that he can decide, it in case he can not get them to agree?

Mr. STURBLE. Your question always is good; but I think it would be an isolated case where an outside man could come in and arrive at what you want to get.

Mr. THOMPSON. I am thinking more, now, of systems in regard to the settlement of disputes in factories, cases where there are open or preferential shops, which you have not got, I take it?

Mr. STURBLE. I agree with that. I am glad of it.

Mr. THOMPSON. But now taking the general subject of arbitration, would you believe that it would be improper to have a third man in such cases, cases where matters of discrimination, discharging a man because it is claimed that he is not a member of the union, or giving him poorer paid work, or a worse place to work in, and all that kind of questions which need immediate attention, are present, would you believe from your experience of that kind of a case that it would be better to have an equally divided court, or in your opinion would it be better to have a third party who would sit continuously, not brought in for a special arbitration, but to arbitrate for a year or a term of years those matters, who would sit with the two representatives, one from each side, and endeavor to bring them together on these individual cases quickly, always having the power to decide it, and by reason of that power being able to get them to reach an agreement which they otherwise would not? That is quite a long question.

Mr. STURBLE. Yes; it is quite a long question, but it means the same thing in the end.

Mr. THOMPSON. Yes.

Mr. STURBLE. I can see where it is necessary, of course, to have a decision in some of these things, but in the question that you have asked there, while we do not cover all of it in our contract, I have a local contract here. This general contract naturally provides for local contracts, and we as a national organization try to create a feeling which helps the stonecutters and contractors to avoid the trouble that may arise. For instance, here is this contract, which I will be pleased to leave with you if you like. It is now in existence between the Bedford local, of Bedford, Ind., and the new organization of stonecutters with whom we are dealing. This contract contains this clause:

"Eight. There shall be no discrimination on the part of the party of the first part against any member of the party of the second part because of any duties he may perform as a member of a committee or for the performance of his duties as a shop steward."

That means, in the stonecutters' parlance, the same as with other names of business, of course. I will tell you my opinion, and what I am asked to come here for is to tell my personal opinion and answer all questions as honestly as I can. Whatever conclusion you arrive at in connection with the third party in any of these labor difficulties is only a temporary arrangement. It may answer for this year, and it may for next year, but it is not conclusive in my mind. It is to put off the evil day. I am going to tell you what that is before we get through, too, if I am allowed to. Some of these other people have told you some things that were not—

Commissioner DELANO. I wish you would develop that a little further.

Mr. THOMPSON. I think he said, and I think you heard him, that he thought it was a good idea to have this independent man in the background; that his existence, even though he was not actually called on, was a suggestion to both parties that they had better try and conciliate the matter between themselves. I think in the bricklayer's case he had for years never been called on at all, but he existed as a matter of fact, and he said that his existence was a beneficial influence. What would you say as to that?

Mr. STURBLE. I think it may be necessary to keep the wheels moving. You notice that Mr. Eldlitz said "keep him in the background."

Mr. THOMPSON. Yes.

Mr. STURBLE. Well, that is a good place.

Mr. THOMPSON. It is the intangible influence, you know.

Mr. STURBLE. Yes; I see.

Mr. THOMPSON. Were you at the Shoreham this morning?

Mr. STRUBLE. Yes.

Mr. THOMPSON. The same thing was said in regard to the clothing industry, that they considered it a good thing to have him, although as a matter of fact, they would call on him very little.

Mr. STRUBLE. Yes.

Mr. THOMPSON. Of course I think it goes without saying, from what you have said already, that you believe collective bargaining is the proper means of bringing the parties together in industrial matters under these trade contracts and agreements?

Mr. STRUBLE. That is true. I believe that collective bargaining, as I understand it, is conciliation, and when you get to arbitration, it is the same thing in an advanced form.

Commissioner BALLARD. I believe Mr. Delano developed the line of thought that I was working on, which I think is an awfully good one. Do you have an eight-hour day in your trade, or a longer day?

Mr. STRUBLE. For the stonecutting part of it; yes, sir; absolutely.

Commissioner BALLARD. It used to be longer?

Mr. STRUBLE. Yes; it was nine hours when I first went into the business. The stonecutters' business was one of the early eight-hour boys.

Commissioner BALLARD. Are you able, from your experience, to form a conclusion as to whether the eight hours was a benefit or not?

Mr. STRUBLE. Not working in it at the present time, I could not give you that.

Commissioner BALLARD. Who sets this cut stone in the building—the same union that made the stone—cut the stone?

Mr. STRUBLE. I think they made the agreement with the bricklayers. Before that it was set both by the bricklayers and the stonecutters; but they have fixed up an agreement so that it is now done by the bricklayers' organization.

Commissioner BALLARD. Will they set stone that is not from a union shop?

Mr. STRUBLE. I think they make only one distinction, and that is against prison-made materials.

Commissioner DELANO. There are one or two questions I want to ask. I understood you to say that this organization that we are particularly speaking of has been in existence something like 11 years. Is that right?

Mr. STRUBLE. The one that was formally closed last year; yes, sir.

Commissioner DELANO. And you are speaking from something like 32 years of experience in the business?

Mr. STRUBLE. Yes, sir.

Commissioner DELANO. In 32 years, do we understand that this method of arbitration that you are speaking of here has been successful, or was that a misunderstanding?

Mr. STRUBLE. No, sir; that is the 32 years. I never knew any case of arbitration between the contractors and the stone cutters to go to any outside party in that time.

Commissioner DELANO. How many cases a year would come up under that?

Mr. STRUBLE. Previous to the strike of 1900 there were not very many weeks went by that there were not several.

Commissioner DELANO. Would there be a cessation of work previous to the arbitration, or would it be referred to arbitration before the cessation?

Mr. STRUBLE. Both cases. They naturally strike, but this cessation of work until the arbitration was settled is something of recent times, you must understand.

Commissioner DELANO. Then, I am to understand that you were successful; there was practically a standing court appointed in advance?

Mr. STRUBLE. A standing arbitration committee from either side.

Commissioner DELANO. And that you were successful in settling this large number of cases without having a hung court—that is, evenly divided?

Mr. STRUBLE. I would say that we never had; but do not misunderstand me to say that many things were not settled by compulsion, etc., although there was an arbitration board. There were plenty of things in the days previous to the trouble of 1910 where the contractors had to come across and take what they could get, although there was an arbitration board standing. In other words, the dictatorial position of the stonecutters was such that they handled things practically to suit themselves. That is putting things pretty strong, but nevertheless it is a fact.

Commissioner DELANO. Then, your arbitration board at that time really had a great deal that it could do, because in vital questions the men would take it in their own hands; is that it?

Mr. STRUBLE. Yes. Of course it worked up from a good proposition until they handled the situation, and then the functions of the board ceased. But during the last 11 years there has not been a dispute that was not settled with the members from either side, and there was not a strike during that time.

Commissioner DELANO. Was the work entirely daywork, or some piecework?

Mr. STRUBLE. All daywork.

Commissioner DELANO. Have wages gone up a great deal?

Mr. STRUBLE. Not in proportion to other countries. Hardly in proportion to other crafts of equal ability.

Commissioner HARRIMAN. How do you account for that?

Mr. STRUBLE. I think one reason that would account for it was the contest that was on during the last 10 years, with the two unions in the field. Naturally that had quite an influence on the situation.

Commissioner HARRIMAN. Are there any other questions?

Commissioner DELANO. What proportion of the employers does your association represent, just roughly?

Mr. STRUBLE. In numbers, it is hard to give, because there is an unlimited number; but in the amount of the proportion of the work, the last time we took an inventory of that situation, the best we could, a year ago, we figured that there was 80 per cent of the stonecutting industry in the national association—it is now international; we have members in Canada as well.

Commissioner DELANO. How is it with the unions? Do they represent practically all of the stonecutters?

Mr. STRUBLE. Practically all; yes, sir.

Commissioner BALLARD. Along the line of thought in regard to this arbitration and industrial board, if there were an industrial board, would you then feel that if they did not come to any agreement within a specified time, then this matter might be left to that board of two or three arbitrators to be finally arbitrated?

Mr. STRUBLE. Yes.

Commissioner BALLARD. Would you feel that way?

Mr. STRUBLE. Yes.

Commissioner BALLARD. That it should go to the industrial board and after that go to the arbitration?

Mr. STRUBLE. Yes.

Commissioner BALLARD. You are speaking of an industrial board?

Mr. STRUBLE. We are speaking of industrial boards, either international or State.

Commissioner BALLARD. Would you advise an industrial board of that character?

Mr. STRUBLE. I would, if it was Federal.

Commissioner BALLARD. The State board would not be broad enough?

Mr. STRUBLE. No, sir.

Commissioner HARRIMAN. May I ask about what you spoke of as the "evil day" that was coming in the future and about these matters being temporary now?

Mr. STRUBLE. If the chairman will allow me to ask a few questions, I think I will explain myself, if you will pardon me.

Commissioner HARRIMAN. Yes.

Mr. STRUBLE. I must plead ignorance, as far as the board is concerned and the inception of it. Was it appointed in some way? How was it created?

Commissioner HARRIMAN. It was created by act of Congress in August, 1912. Do you want me to tell you about it? It was created to inquire into the causes of industrial unrest and to report to Congress. I will send for a copy of the act so that you may see it. There were nine members—three to represent the employers, three the employees, and three representing the public.

Mr. STRUBLE. That is more than I knew before until I got my notice to come here. Of course, I do not keep up with all these things going on in Washington, but I imagine that a great deal will come before the board that will not be what you are looking for. Of course, you will have to hear them. You have my sympathy. There are some things that appeal to me, in my own line, and from what Mr. Delano said I thought you were after some plan that would better the employer and the employee.

Commissioner HARRIMAN. That is it.

Mr. STRUBLE. There are one or two little things that you want to take into consideration when you come to a summing up. We have labor organizations, and there is one question that must appeal to you to start with, and that is, Why does labor need to organize? The answer to that, in my experience, is just two things: That it is a lack of confidence and it is a competition among men who have nothing to sell but their labor.

On the other hand, Why does the capital organize? Exactly for the same reason—a lack of confidence, one with another, and the competition that is created between them. There is no difference, in my way of looking at it, between organized labor and organized capital.

In giving this matter serious consideration it is going to apply equally to labor and capital. You have to concede the fact that you are always going to have capital and labor. I expect there are always going to be classes in this country. We have grown along so fast and labor has organized and capital has organized, and there are just two things now that the Government does that interfere with those two organizations, as I see it. On the other hand, the organization of contractors, every time they get together in a room and shut the door and have a star-chamber caucus some attorney comes along and says, "We have the Sherman law that you have to be very careful about." That part of it the Government is interested in—up to that point. Now, as to the labor part of it, the labor, we will concede—may I say it from the opposite side—anyhow, has least interference from the Government; but the labor has to fear the matter of injunction, which has been tried to be put out of the way here, during the work here in Washington.

Now, you have got to concede that the labor has organized for certain reasons, and so has capital, and now when it comes to the contractor, you are being interfered with by the acts of both. The labor end of it is not doing any more harm probably to the progress of the country and going along without trouble than is the contractor who, in his overexertion and competition, is making things ruinous for the whole country. In other words, there are two conditions there. In other words, there is a condition of lack of confidence between everybody—a man and his wife sometimes. That ought not to be so, but it is, and it applies all along the line.

The condition that has got to come in this country, in my mind, borders right on the line of your talk of the arbitrator; and if this is going to come when the Government comes in and says, "Thus far and no farther; you may make your agreement, Mr. Struble, with your stone men for a conciliatory board and an arbitration board, but there has got to be a place where the arbitration stops and the strike stops and business goes on"; and that is where this third party now is of no particular account except as a temporary arrangement. This has got to be a Federal proposition. In Illinois we have a board. I do not know what they call them, but every time there is a labor trouble they send in and want to know if they can be of service, and we say, "No," and then they come, anyhow. [Laughter.] They hear your tale of woe, and then they sit around and look wise. What is the name of that board?

Commissioner DELANO. The committee of mediation, I believe.

Mr. STRUBLE. They have no power to act.

Commissioner DELANO. And no standing there.

Mr. STRUBLE. No power; and this is another makeshift; and, I believe, in my short experience with the Government—and I have thought for the last 15 years that the Government has got to have—the Federal Government has got to have—somebody that says "Good night," as the case may be, with this matter of meetings.

I attended a meeting in Chicago a few years ago, and Mr. Gompers was there, and they had a lot of leading lawyers, and they had some bright fellow from Australia and from New Zealand, and I wore myself out for about a week, and I think it was forgotten by the time they got home. I forgot it, anyway. I am saying this to this board just on a few remarks that Mr. Delano made when Mr. Eldlitz was on here, and I am saying these things as I see them. I came from Chicago at the expense of this committee. I suppose they contribute to the expense of those people they are bringing here. I do not know how they are going to settle it.

So far as I am concerned, I will welcome—

Commissioner BALLARD. You are not the only man who is up against that proposition.

Mr. STRUBLE. I know; it is like all these other propositions—misery loves company.

Commissioner BALLARD. Do you not think you might say to Mr. Struble, Mrs. Harriman, as you have to others, that you would be glad if he would submit a brief?

Commissioner HARRIMAN. How do you feel about the idea of an industrial council that should be individually appointed by the Federal Government—a Federal board; something on the lines of the one they have in England—that will settle all these troubles and do about what you say you want done?

Mr. STRUBLE. With power to act?

Commissioner HARRIMAN. With power to act.

Mr. STRUBLE. With power to act, I think it would be welcomed throughout the world.

Mr. THOMPSON. That is not so with the English board.

Mr. STRUBLE. Then, there is where they are weak.

Mr. THOMPSON. Do you believe, from the world experience on compulsory arbitration, that it is a success? Has it not been proved to be a failure wherever it was inaugurated?

Mr. STRUBLE. I do not believe it was handled by as bright minds as we have in this country.

Mr. THOMPSON. We do not seem to have gotten along any further than anybody else in industrial development, according to all contemporary history. How can you compel a man to work if he does not want to work?

Mr. STRUBLE. That is impossible.

Mr. THOMPSON. Then, how can you compel, by power, the settlement of industrial disputes?

Mr. STRUBLE. In this way: If there are those who do not want to work, and you can not compel them to work, there are those who do want to work if they are allowed to work. There never was a time in the history of the world when there were not those who were willing to work. Why could they not work? Because there was no protection. If somebody is going to lie down and say, "We will not do it," then the industrial board will come in and say, "You take this."

Mr. THOMPSON. We must take into consideration the result that occurs, must we not?

Mr. STRUBLE. Yes.

Mr. THOMPSON. In New Zealand I understand that the Government made a decision in regard to an industrial matter, and it undertook to compel the observance of it; and I understand to-day in that far-advanced colony they have gatling guns and soldiers and all that trying to enforce the decision of a board of arbitration; and I think the decision is enforced, and they have soldiers and guns there, and nothing is doing; that is all there is to it.

In other words, have you not got to emphasize the idea of deciding a thing justly and then letting the force of public opinion stand back of that? And, after all, is it not a greater power in the settlement of industrial matters?

Mr. STRUBLE. To answer you, I think you take that too seriously when you speak of enforced arbitration. There is not a case that I know of that has come to arbitration where a third party has been called in, but what it has been settled. I may consider that it was unjustly settled. But you heard Mr. Eldlitz say to-day that when a man acted as umpire here in New York, he served only once. We want a board paid by the Government that will say: "You shall serve as long as we want you." The action of this board would be conciliatory, in a way.

Mr. THOMPSON. In regard to this matter of conciliation and arbitration—and we have gone into so many things that we are pressed for time—the question of arbitration, even the question of a third man, and all that, depends, like the organization proposition, on the spirit in which the thing is done as much, if not more than on the machinery involved. Now, if either party to a dispute feels that the third man is ignorant of the trade conditions and is simply trying to unburden his mind and get rid of the proposition, and has made a sort of a toss-of-the-coin decision, when he feels he has got the worst of it he is naturally aggrieved, and is dissatisfied with the result. But there is a new theory growing up, as I understand it, with regard to the arbitration of matters by a third party. It is not for a man unacquainted with the conditions of the trade to give a knockdown decision, so that the side that is the victor may feel that he got more than he is entitled to and it can not succeed, but in that whole

thing should be the spirit that the third man should use those powers to persuade the two sides to get together, and be resourceful enough, and have that spirit of trying to be resourceful, to provide ways in which the parties can agree, and this spirit of bringing the parties together. In other words, the third man using the spirit of conciliation, the parties will get so close together that although he does have to make a decision the difference will be such a small matter that it does not make much difference. With that absolute spirit of conciliation and arbitration is it not likely that we would make more progress than under the old theory of the board deciding it with a club, or the Government deciding it with a club?

Mr. STRUBLE. I do not look at it as you do, as to the club part of it. Now, if we got into an argument we would have a good one. I am not much on the arguing, but I will say this: You can take this agreement that I presented to you to-day, and you can take any other agreement that will be brought in here between labor organizations, such as this New York protocol, as I believe they call it. That name does not fit with the building business.

Mr. THOMPSON. The name has worked, anyway.

Mr. STRUBLE. I may be very strong in my opinions, but the agreements that you are working under to-day with labor in this country are gentlemen's agreements, and that is all they are. Then as soon as something goes wrong Mr. Eidlitz told you how they do in New York, and that is not the fairest example of conditions in the country. Do not take it too seriously. There is not a city to-day in the country like New York. I am not going to tell any tales out of school, but you want to understand me that there is a hole there that you can get things out of, but you can not get anything in. In other words, they build a fence around the city and say to Mr. Bricklayer and Mr. Stonecutter, and so on, "You come and play in my back lot, and I will play in yours;" but they do not play in any of them. They do not, down in New York. That is not a fair criterion for the rest of the country. I will tell you a few things that I know, and maybe I will slip a few; but that is the situation.

Mr. THOMPSON. Does that appear in there [indicating book]?

Mr. STRUBLE. If you try to sell any cut stone there you will find out. I know that I can not sell any there; but I can go up to New Haven and build a lady a nice house there. They have the labor there and the money in hand to do it, just as Mr. Spencer does.

Mr. THOMPSON. Why did you not slip one over while he was on the stand and we would have put that to him?

Mr. STRUBLE. I was not asking him questions.

Mr. THOMPSON. We are going to reach New York anyway.

Mr. STRUBLE. You are going to get there, I understand, and you will find the situation there as it is, even though it is not as I say.

Mr. THOMPSON. I think you are right about that, too.

Mr. STRUBLE. I think this commission ought to have all the assistance possible in what they are trying to do, because they are going to bring a good result out of it; but you have got to get a fair and square deal wherever you go.

Commissioner HARRIMAN. Have you any other suggestions? You said that you had several you wanted to make.

Mr. STRUBLE. Everything I had to say came under that one head. That is what it was leading up to, that it has got to be an industrial board with power to act, and it has got to be a Federal Government board, too.

Commissioner DELANO. If I understand your point, you mean there will be an industrial board that will have the same conditions in industrial affairs as the Supreme Court does in legal, civil difficulties?

Mr. STRUBLE. Yes.

Mr. THOMPSON. We have all got to abide by the decisions of the Supreme Court in law suits.

Commissioner BALLARD. Have the stonecutters ever objected to the introduction of new machinery for handling and cutting stone?

Mr. STRUBLE. Certainly; that was what the trouble first arose about, the planer and the lathe.

Commissioner BALLARD. Has that all been adjusted?

Mr. STRUBLE. They agree to it now; yes, sir; as this contract states. That is how we could come together. We have waived those objections to the stone-working machinery and the shipment of cut stone. There were only three or four questions that hung fire for 11 years.

Commissioner HARRIMAN. If that is all, we thank you very much.

(The second contract presented by Mr. Struble was marked [#] Struble Exhibit No. 2," and is as follows:)

AGREEMENT BETWEEN THE BEDFORD STONE CLUB (MEMBERS OF THE NATIONAL CUT STONE CONTRACTORS' ASSOCIATION) AND THE BEDFORD BRANCH OF THE JOURNEYMEN STONE CUTTERS' ASSOCIATION OF NORTH AMERICA.

First. This agreement witnesseth that the Bedford Stone Club (designated as the party of the first part) hereby agrees to employ as stonecutters and carvers only such men as may be members of the Journeymen Stone Cutters' Association of North America (party of the second part): *Provided, however*, The said Journeymen Stone Cutters' Association of North America, above mentioned, shall at all times furnish and provide such number of skilled workmen as shall be required by the members of the Bedford Stone Club. Any failure on the part of the said Journeymen Stone Cutters' Association of North America to provide a sufficiency of men after two weeks' notice shall confer the right to the members of the Bedford Stone Club to employ such stonecutters and carvers as they see fit, and such men so employed shall at once make application and be permitted to join the Journeymen Stone Cutters' Association of North America upon their payment of the initiation fee that may govern similar cases.

Second. The wages of the journeymen stonecutters shall be fifty-seven and one-half (57½) cents per hour from January 12, 1914, to June 30, 1914, and sixty (60) cents per hour from July 1, 1914, to January 12, 1915. This rate of wages shall not apply to superannuated members, for whom a class shall be provided, designated as exempt.

Exempt members shall be at liberty to make the best terms possible with their employers.

Third. Eight (8) hours shall constitute a day's work, and no more than forty-eight (48) hours shall be worked by any stonecutter or carver in one week. Full time on Saturdays the same as other week days.

Fourth. The party of the second part shall recognize the right of the party of the first part to subcontract carving, and the wages of carvers shall be one (1) dollar per day in excess of stonecutters' wages.

Fifth. It is mutually agreed by the parties hereto that no labor shall be performed on the following holidays: Thanksgiving, Decoration Day, Fourth of July, Labor Day, and Christmas Day, or Sundays.

Sixth. All pneumatic hammers and tools to be used with same shall be furnished by the party of the first part.

Seventh. The wages of the party of the second part shall be paid alternate Saturdays, in cash or check, at the mills where the men are employed before quitting time. The week shall end on Friday.

Eighth. There shall be no discrimination on the part of the party of the first part against any member of the party of the second part because of any duties he may perform as a member of a committee or for the performance of his duties as a shop steward.

Ninth. It is also mutually agreed that the terms of the agreement entered into between the National Cut Stone Contractors' Association and the Journeymen Stone Cutters' Association of North America shall be recognized as part of this agreement.

Tenth. It is mutually agreed by and between the parties hereto that this contract shall remain in force and effect for the period of one (1) year beginning on the 12th day of January, 1914: *Provided, however*, That no changes are requested by either party to this agreement before October 1, 1914, said agreement is to remain in full force and effect until January 12, 1916.

Eleventh. Apprentices: The number of apprentices to be employed by the party of the first part shall be as follows:

One (1) apprentice to five (5) or less members employed.

Two (2) apprentices to over five (5) and less than fifteen (15) members employed.

Three (3) apprentices to over fifteen (15) and less than twenty-one (21) members employed.

Four (4) apprentices to over twenty-one members (21) employed.

* Apprentice wages: The wages of apprentices shall be optional with the party of the first part.

Twelfth. It is mutually agreed between parties hereto that this agreement shall be submitted to the executive committee of the National Cut Stone Con-

tractors' Association (Inc.) and the executive board of the Journeymen Stone Cutters' Association of North America for final ratification and approval.

In witness whereof we, the duly authorized empowered representatives of our respective associations and societies, hereunto set our hands and seals this 7th of January, 1914.

Bedford Stone Club:

ARTHUR MICHIE,
A. E. DICKINSON,
ROBT. REED,
CARL FURST,
HENRY STRUBLE,
Committee.

Bedford branch of the Journeymen Stone Cutters' Association of North America:

CHAS. S. AUSTIN,
THOMAS BRENNAN,
ROBERT E. HOIT,
ANDREW LINDSAY,
JOHN MCT. MATHESON,
Committee.

TESTIMONY OF MR. THOMAS J. WILLIAMS.

MR. THOMPSON. Will you please give your name, residence, and business?

MR. WILLIAMS. Thomas J. Williams. I am president of the building trades department of the American Federation of Labor. Residence at present in Washington.

MR. THOMPSON. What trade do you belong to?

MR. WILLIAMS. My own particular trade?

MR. THOMPSON. Yes.

MR. WILLIAMS. Encaustic tile laying.

MR. THOMPSON. Where were you employed in that trade?

MR. WILLIAMS. Pittsburgh, Pa.

MR. THOMPSON. Are there any collective agreements or trade agreements between that union and firms?

MR. WILLIAMS. We have had agreements for, possibly, to my knowledge, 20 years.

MR. THOMPSON. Mention one, for instance—a typical agreement.

MR. WILLIAMS. In Pittsburgh?

MR. THOMPSON. Yes.

MR. WILLIAMS. I will say in Pittsburgh we have had in my own trade agreements, to my knowledge, for about 20 years.

MR. THOMPSON. In a general way, what has been the subject of those agreements?

MR. WILLIAMS. There is an association of manufacturers in the particular line, and, of course, a union, and they have yearly, or possibly every three or four years, met and drawn up the agreements.

MR. THOMPSON. From your experience of 20 years under such agreements, are you of opinion that they are good things for the labor people?

MR. WILLIAMS. Absolutely.

MR. THOMPSON. Do you believe that the labor people, dealing collectively, can better protect their interests, such as their wages, hours of labor, and conditions for working?

MR. WILLIAMS. Absolutely.

MR. THOMPSON. You think, then, they have an advantage over the individual in dealing with the boss?

MR. WILLIAMS. According to our present-day condition—and I am speaking of the building industry—individual bargaining is an impossibility, for practical purposes.

MR. THOMPSON. In connection with your contracts did they have any provision for the settlement of disputes?

MR. WILLIAMS. Oh, yes.

MR. THOMPSON. What were those provisions, if you know?

MR. WILLIAMS. Of course, this pertains to one trade with their employers in one particular city, you know. This is not a general proposition. This is not factory work. This is all on the buildings. If there is any dispute of any kind

they have a joint executive board, an executive board of the association of employers, and an executive board of the union, that meets at stated intervals, even going so far that if work is improperly done this joint executive board shall decide whether it is the workmen's fault or not.

Mr. THOMPSON. What is the membership of that board, odd or even?

Mr. WILLIAMS. Generally it is five on each side.

Mr. THOMPSON. What class of questions generally come up before that board, and specifically, do they involve in many instances the grievance of an individual workman?

Mr. WILLIAMS. Yes, at times; but not very often.

Mr. THOMPSON. Generally they are larger questions?

Mr. WILLIAMS. Yes, sir.

Mr. THOMPSON. Matters of policy and trade agreements?

Mr. WILLIAMS. Yes.

Mr. THOMPSON. And for such questions you think that the even board is the best board?

Mr. WILLIAMS. Yes; I think so.

Mr. THOMPSON. Have you any opinion and any experience with reference to the use of boards of arbitration in factories, or in cases where there are open-shop arrangements?

Mr. WILLIAMS. In factories?

Mr. THOMPSON. Yes.

Mr. WILLIAMS. I must confess that I have very little practical knowledge of the working conditions in factories.

Mr. THOMPSON. Then you have no opinion as to which character of board, a board without an umpire, or a board with an umpire, would be best in such cases?

Mr. WILLIAMS. No, sir; I would not like to advance an opinion, because my work has been confined to buildings, and I have not any opinion that it would be of use to this commission to advance.

Mr. THOMPSON. Of course, it goes without saying that you believe in the settlement of disputes without a strike?

Mr. WILLIAMS. Absolutely, and it applies particularly in the building industry.

Mr. THOMPSON. That is all that I care to ask.

Commissioner LENNON. Mr. Williams, you have some general knowledge of the conditions existing between the building trades contractors and most of the unions, have you not, in most of the trades?

Mr. WILLIAMS. Yes, I have; I suppose I ought to have, and I have a general knowledge of those conditions throughout the country.

Commissioner LENNON. And in Pittsburgh you were usually active in a general way in connection with these trade matters, were you not?

Mr. WILLIAMS. I was president of the building trades combination in Pittsburgh for about 10 years.

Commissioner LENNON. What did you find, in Pittsburgh, during the term of your years there, to be the conditions as to the possibility of decent living as between employees who are in unions in building trades, and in some instances where employees were nonunion? How did their conditions compare as to wages and hours and treatment generally, or was there any difference?

Mr. WILLIAMS. That is rather a peculiar condition in the building industry.

Commissioner LENNON. I know it is.

Mr. WILLIAMS. In this respect, that the nonunion man is able to get all the fruits of the labor or work of the union man, and apparently is able to get the same wages as the union man, and he frequently quotes that to you, using the usual term, "I get the wages." You analyze the thing and you will find that he gets the wages through the efforts of the union being able to establish the rate of wages. Of course where he does not his condition is not as good. His opportunity for getting work is limited; he is more under the orders of the employer, and he has to-day in his work longer hours than he would have, of course, if he was living under the terms of a written agreement; and, of course, his conditions generally will not compare with those of the union man.

Commissioner LENNON. Were you ever up at Altoona, for instance?

Mr. WILLIAMS. Yes; and have worked in Altoona quite frequently.

Commissioner LENNON. Is that a well-organized city, like Pittsburgh, in the building trades?

Mr. WILLIAMS. No; it is poorly organized.

Commissioner LENNON. What do you find the condition there as compared to Pittsburgh?

Mr. WILLIAMS. The conditions do not compare at all.

Commissioner LENNON. What does a bricklayer get in Pittsburgh, and what does he get in Altoona, if you know? Or, take your trade, tile laying?

Mr. WILLIAMS. The bricklayer is not a fair criterion.

Commissioner LENNON. Yes, I know; that is true.

Mr. WILLIAMS. The other trades would not, in the building industry, get anything like as much in Altoona as they would in Pittsburgh.

Commissioner LENNON. Do you ascribe this to the fact that there have been contractual relations between the building trades in Pittsburgh, and there have not been such relations in Altoona, or is there some other reason for it?

Mr. WILLIAMS. The reason at the bottom of it all is that the individual unions are not as well organized, and therefore they can not be as well organized collectively. You see, it is not alone in the building industry now, the fact that the individual trade may be well organized into a union, but the fact that they are collectively as unions well organized.

Commissioner LENNON. Have you come considerable in contact with these vocational disputes that exist in the organizations—between the organizations?

Mr. WILLIAMS. That is my unfortunate position, to have occasionally tried to adjust them.

Commissioner LENNON. Does it appear to you as though the tendency was in the direction of their elimination?

Mr. WILLIAMS. Of course, this may not be understood or appreciated by the members of the commission, but if the different trades would reasonably live up to the laws as laid down by the building trades department we would eliminate 95 per cent of the disputes in the building industry for the United States and Canada.

Commissioner LENNON. What seems to be the particular object with these particular trades that keeps them from taking hold in this effort of the building trades to settle these matters? What is it that they see that stops them?

Mr. WILLIAMS. I may be wrong in my analysis of the whole subject, but I have thought, if I may be allowed to express this opinion, that if a body of practical men sat down and devoted all their efforts honestly to devise laws to govern—I am speaking particularly of the building industry—the building industry, and they did finally devise a set of laws or define a constitution such that finally it depends on the individual carrying them out, with this restless feeling that is engendered in nearly everyone of us in this country at the present day, a feeling that they will not abide by any given rules, you will find that regardless of what is done in framing the law, a combination of individuals will say "Well, we have power enough to think otherwise or do otherwise"; and the result is that the laws will not be lived up to. So it all depends on the individual, anyway.

Commissioner LENNON. In other words, you seem to think that where a certain party feels strong enough to resist the suggestions made by the building trades department, they simply resist, that is all—do not "come across," as the boys say?

Mr. WILLIAMS. It is too bad.

Commissioner LENNON. How are the building trades organized now, as compared to when you started to work in this part of the country?

Mr. WILLIAMS. Oh, much better.

Commissioner LENNON. They are much better organized?

Mr. WILLIAMS. Yes.

Commissioner LENNON. Are the wages increased?

Mr. WILLIAMS. Very much.

Commissioner LENNON. At that time was an 8-hour day in existence in any of the trades?

Mr. WILLIAMS. No; not when I started. It was a 9-hour day.

Commissioner LENNON. Now, it is generally, is it not, an 8-hour day?

Mr. WILLIAMS. In the building industry, with the possible exception of what is known as building laborers—and they have in some cases 9 and 10 hours, because they have to prepare certain materials for the mechanics to start with early in the morning, and so they have to start half an hour or an hour earlier than the mechanics.

Commissioner LENNON. One of the important things that this commission is to study is the causes of industrial unrest. Of course, that is a broad proposition, but you understand what it is. The enactment of the law creating this commission grew out of many things, but perhaps especially out of troubles in the structural iron trades, and out of the contest that was on in Lawrence,

Mass. Perhaps those two matters particularly brought to a head the movement that created this commission.

What do you consider the principal causes of unrest that exist among the organized workers of the country, as far as you know?

Mr. WILLIAMS. How would you desire me to answer that? There is unrest, of course, in regard to jurisdictional matters.

Commissioner LENNON. Oh, yes; of course.

Mr. WILLIAMS. And then there is an unrest in regard to underlying conditions which have nothing to do with jurisdictional matters. How would you have me answer?

Commissioner LENNON. As to the discontent with conditions that surround the workingman.

Mr. WILLIAMS. In the building industry at the present day I believe there is less unrest than formerly, and I believe there is less unrest in the building industry than in any other line of work. Of course, I might say this, that owing to the fact that the building industry, I suppose, is as well organized as any in the country, they having a better understanding with their employers, there is less cause for unrest; because I believe that the combinations of workmen in the different unions in the building industry have brought to a higher state of perfection the principle of arbitration and conciliation and agreements relating to it than any other combination of unions.

Commissioner LENNON. And that has eliminated unrest, or rather that has brought about conditions that make the unrest less noticeable among building-trades people than among factory people, say?

Mr. WILLIAMS. Yes. You find in the country that it is less noticeable, that there is less serious disturbance in the building industry than you will find in what is known as the miscellaneous trades.

Commissioner LENNON. That is all I care to ask.

Commissioner DELANO. Mr. Williams, you have given the impression, from your evidence, that there is less trouble in the building trades than there is in other trades. I have gotten the impression, as a resident of Chicago, that there is more trouble in the building trades, and that we have more strikes and more trouble and more friction than we have in most other trades. Is that a wrong impression?

Mr. WILLIAMS. I take it this way, that I believe the disturbances in other trades more seriously affect the whole community and the country, and therefore they are more noticeable than those in the building industry, because a strike in the building industry may cover just one building, and while that is of course important to the city, to the community, yet the strike in that one building is relatively not so important as one strike in one large factory would be.

Commissioner DELANO. That is so; but yet all building operations stopped in Chicago entirely last summer or in the early fall, for two or three months. We had a case of a man—I think he was a steamfitter—shooting a plumber, or something like that, the trouble growing out of a jurisdictional fight. We have had some pretty serious matters of that kind.

Mr. WILLIAMS. Possibly, but that was not so recent as that?

Commissioner DELANO. This shooting business was not recent. That was two or three years ago, I know; but I mean the cessation was last summer, was it not?

Mr. WILLIAMS. Yes, it was; and as the result of that there was an agreement drawn up between the employers and the local council there.

Commissioner DELANO. You do not think there has been more trouble; you still think there has been less trouble in the building trades?

Mr. WILLIAMS. I speak nationally, of course.

Commissioner DELANO. Nationally?

Mr. WILLIAMS. Yes.

Commissioner DELANO. Has Chicago been particularly unfortunate?

Mr. WILLIAMS. In Chicago there has been a tremendous rise in building operations for the last five or six years. Prior to that things were rather dull. In fact, immediately following the world's fair things became very stagnant, and as they grew better, that of course brought out questions that while things were quiet, were lying dormant, and when they saw so much work they became a little ambitious as to what they should get, and as a result I believe wages would be considered higher in Chicago than in almost any other city in the United States, with the possible exception of San Francisco.

Commissioner DELANO. Ought that not to have made for contentment rather than for friction?

Mr. WILLIAMS. It will do so, finally; but it is in the process of making.

Commissioner BALLARD. In the case of a jurisdictional dispute, as for instance, between the plumbers and the steamfitters, and I take those because they have been used by way of illustration, that would come to you as president of the building trades department of the American Federation of Labor, would it not?

Mr. WILLIAMS. It would under ordinary circumstances, but it will not any more because it is all settled.

Commissioner BALLARD. That particular dispute; but in case of a jurisdictional dispute it would come to you because of your position?

Mr. WILLIAMS. Yes. If I may be allowed to explain, of course, a jurisdictional dispute generally comes up in a given city. The trades involved frequently apply to their respective international unions. In the event that all these building trades are affiliated into one local building trades council, the matter is referred to that local building trades council. Then they try to adjust it. I take it that in a large number of cases they try to adjust it on the national laws of the building trades department. Failing to arrive at a satisfactory conclusion on it then they carry it to the headquarters of the department, and of course then it comes to me. The policy pursued is, if it is of course a very flagrant case, the president of the department decides at once in favor of the particular trade that rightfully owns the work. If there is some little doubt the president of the department will refer the matter to the presidents of the two international unions, and tries to get them to see the light and so instruct their respective locals. If that fails, the department has a law that the president of the department has the right to appoint an arbitrator who shall visit the city where the dispute is on, and the two unions—it will be usually two unions, and seldom if ever three—would have their representatives present the case. Of course he is a building tradesman, and he, after thoroughly investigating the case will render a decision. That decision is supposed to be lived up to, and the union having the decision rendered against it has the right to appeal at the next convention of the department.

Commissioner BALLARD. But in the meantime the work must go on.

Mr. WILLIAMS. And we have a very strong and specific law that there shall be no stoppage of work in any place or at any time on a jurisdictional matter; and any trade that does stop work on account of a jurisdictional dispute is simply violating the law. And that comes back to what I said, that no matter how you devise laws, no matter how good they are, it rests with the individual, because of course we have no compelling power to compel a compliance.

Commissioner BALLARD. There is no machinery to compensate the owner of the building for losses in time?

Mr. WILLIAMS. No; but I have known cases where a local went out, not on a jurisdictional matter, but went out in violation of an understanding that they had with the local council, and asked for more wages and were able to get them, and were afterwards compelled to come back again at the old wages and to return the money they had gotten over and above the former wages.

Commissioner BALLARD. Are all the unions in the building trades open? At any time can a person raised in that trade, not a member of the union, join the union, or can a member move from one town to another and join the union in the place to which he moves?

Mr. WILLIAMS. They have a very excellent arrangement with the different unions who control their own autonomy, of course. If I am a plumber here in Washington and I find that trade is slack here, all I have to do is to take a clearance card or a traveling card and go to Chicago, and without the payment of one cent of money I can become a member, a full-fledged member of the local there, entitled to all the privileges of a man who is a resident of Chicago; and that applies to all trades. All trades have what is called a clearance card or a traveling card, and all the members have to do is, when they go into another city, under the jurisdiction of another local, to just pay the same amount of monthly dues, and that would be known as a home card for the party.

Commissioner BALLARD. That applies to all the building trades in the country and in all the cities in the country?

Mr. WILLIAMS. To all the building trades and in all the cities. In my own particular trade I can go to any city in the country and become a full-fledged member with all privileges, without paying one additional cent of money. Then of course there are death benefits and sick benefits, and in some cases the loss of tools is covered by benefits, and there are out-of-work benefits.

Commissioner BALLARD. Have all the unions the same provisions in that regard?

Mr. WILLIAMS. Yes. I might explain to the commission the full meaning of that. I may be mistaken, but if you do understand it will not hurt. I do not think you understand the full meaning of what a building-trades union means.

Mr. BALLARD. No; we would be glad to have it explained.

Mr. WILLIAMS. The American Federation of Labor is the basis, of course, of all trades. There are, of course, a few organizations outside of the field of the American Federation of Labor, but they comprise all industries. In their annual convention, where they legislated supposedly for the benefit of the different trades, it was found that matters pertaining to the building trades could not be adequately taken up and covered, and therefore it was decided by the building-trades men themselves that in order to more thoroughly cover their own industry they would establish themselves in a department; but it practically is the American Federation of Labor. But in order to properly carry out the work particularly covered by building trades they determined that they would have a department of building trades.

All the building trades in this country are affiliated, with the exception of the bricklayer, who is not affiliated with any organization in this country. Just at present the large organization of carpenters, owing to an internal matter, has seen fit to withdraw, but they of course are still members of the American Federation of Labor. Of these different internationals of the different trades there are 19. There would be 20 building trades in the country without counting the bricklayers. Counting the bricklayers, there would be 21, but we are not counting the bricklayers. These organizations meet in convention immediately after the American Federation of Labor convention, and, of course, they are a legislative body, the same as the American Federation of Labor; they are represented by delegates from the international unions, and they establish laws for the benefit of the building trades, you see. In order to properly carry out the full meaning of this in the different cities of the United States they establish local councils of unions of the internationals. For instance, in Chicago there would be unions representing every one of these internationals. In other words, there would be 19 different crafts represented in the Chicago council; but in the Pittsburgh council, you see, or in the Washington council, in this city—and they are all affiliated with the department, of which we have our headquarters in Washington—they do not themselves legislate. It is the international unions that meet in convention that legislate. The locals of the councils are supposed to carry out the laws that are enacted at the convention, and the department issues a universal building-trades card to all these different local councils.

So if you hear the term "local council," it must not be confused with the department as a national body, although they are all affiliated.

Commissioner HARRIMAN. That is awfully interesting, but I think all of us have gotten more or less away from the question before us, which is arbitration and conciliation, and the time is getting so short I am afraid we shall have to go on and confine ourselves to that.

Commissioner DELANO has some questions he wants to ask.

Commissioner DELANO. I want to be sure I understood Mr. Williams on one question. I understood you to say that the bulk of the difficulties were settled by a board of five men on each side.

Mr. WILLIAMS. That is, in a locality.

Commissioner DELANO. In a locality?

Mr. WILLIAMS. Yes; in a city. That does not apply nationally.

Commissioner DELANO. What happens if that board is deadlocked or is even?

Mr. WILLIAMS. The argument against an even board, of course, is that you may get a deadlock.

Commissioner DELANO. Does that happen?

Mr. WILLIAMS. Not very often; but when it does, and there happens to be a local building-trades council, they apply to that council to appoint a committee.

Commissioner DELANO. Then what does that committee do? Do you mean an odd-numbered committee?

Mr. WILLIAMS. Yes; possibly a committee of three. But it seldom or never happens just in a local affair in that way. Of course, when they do not agree, I am sorry to say, then there is a strike.

Mr. THOMPSON. That is the way they finally adjust it?

Mr. WILLIAMS. That is where the strikes start from. For instance, when a scale between a local union and its employers expires and they meet, say, a month or two months before the expiration to draw up a new one, and they

finally fail to agree, unless some extraordinary efforts are made on the part of the local council there is a strike on the part of the union.

Commissioner DELANO. Mr. Thompson would naturally think that the way to solve that would be to have an umpire. Why do you not have an umpire?

Mr. WILLIAMS. In local matters covering local unions they have not, as a rule, reached that point where they even think of appointing an umpire. It is too bad that they should have to resort to the strike, but it is done.

Commissioner DELANO. How do you feel about it?

Mr. WILLIAMS. It all depends upon who your umpire would be; not whether his name may be Mr. Smith or Mr. Brown—I do not mean it in that way—but I mean whether he would be what would be considered really somewhat competent to judge of the matters in dispute.

Commissioner DELANO. You heard what Mr. Eldlitz said about it. He apparently thought that it was necessary to have an odd man.

Mr. WILLIAMS. Well, I am applying this particularly to a local union, not to a combination of unions or a combination of employers, where the problem would be a little harder to solve. A local union can know their own particular needs so well, and their employers in that particular industry also know their own needs so well that they are generally able to adjust matters without the need of an outside man.

Commissioner DELANO. What do you mean by "generally;" what percentage of the time?

Mr. WILLIAMS. I should say 85 per cent. Take a dispute with a local union in drawing up a scale. There is where the principal conflict comes in, in drawing up the terms of a scale or agreement for that particular local union. I would say there it was about 80 per cent. I would say in most cases, or in 80 per cent of the cases.

Commissioner DELANO. We have had very contradictory evidence on just this point. The suggestion has been made that if you had in the background an umpire who would be called in in case of the ten men failing to agree, it would cause the 10 men to agree. Others have said that if you had a man in the background, it would cause a disagreement, because the temptation would be to pass the buck to him; to "make him the goat," was the actual expression, I think. How does that work in practice?

Mr. WILLIAMS. As it would apply to what I have heretofore called—and I have to repeat the term—a local union matter—I have had very little experience of the necessity of having an umpire. It is all right in general matters, but not where local unions are concerned.

Commissioner HARRIMAN. If that is all, we are obliged to you.

TESTIMONY OF MR. EDWARD A. CRANE.

Mr. THOMPSON. Mr. Crane, will you state your name, residence, and occupation?

Mr. CRANE. Edward A. Crane, Philadelphia, Pa.; an architect.

Mr. THOMPSON. Did you receive a communication from the commission stating the purposes of this meeting, or not?

Mr. CRANE. Yes; at the very last moment. I came here very hurriedly. I received a telephone message asking me if I would come, from the American Institute of Architects, and received the note on the way from my office to the train. I did not read it until I was on the train.

Mr. THOMPSON. With reference to the question of collective bargaining; that is to say, bargaining between the employees as a body and the single employer, or the employers as a body, have you had any experience?

Mr. CRANE. I can not say that I have had any particular experience in that way. An architect is not apt to have anything to do with the employment of labor.

Mr. THOMPSON. Yes; I understand that, but does not the architect have a great deal to do with that question in the building trade when strikes occur, where there is a possibility of trouble?

Mr. CRANE. Well, his dealings in that respect are with the general contractor, who is the man who is having the trouble. He does not really come in contact with the labor side of the thing. That is, it is only occasionally with some one architect who may be tremendously interested in that thing, but he might go outside of the straight professional practice and mix in.

Mr. THOMPSON. But is not the architect frequently called in, in connection with the supervision of building work?

Mr. CRANE. I never saw such a case.

Mr. THOMPSON. And has he not the power, under the contract, in case there is a strike on the building, to see what the cause is, and has he not also the authority to try and adjudicate the matter and bring the parties together?

Mr. CRANE. I have never seen a contract in the East, on a big building operation, drawn in that way.

Mr. THOMPSON. Then, in your practice you have not come in contact with these troubles nor have you seen the operation of the trade agreements?

Mr. CRANE. I never have. I realized that I would be a very poor witness for you when I was coming down on the train and read the letter, because I appreciated that I knew very little about the matters.

Mr. THOMPSON. Have you observed these matters? Have you had an opportunity of observing the use and the effect of contracts between bodies of workers and an employer or bodies of employers?

Mr. CRANE. Not enough to be a good witness. I may perhaps have.

Mr. THOMPSON. What experience have you had and what observations have you made?

Mr. CRANE. I, perhaps, have been very fortunate, because I have had a very broad experience in very large building operations and never have had a strike on any of the buildings going on, except in minor contracts.

Mr. THOMPSON. Have you had any contracts with the workmen?

Mr. CRANE. No, sir; I have never had any contracts with the workmen, nor seen them, nor had anything to do with them.

Mr. THOMPSON. Therefore you have never seen them operate, and you do not know how they settled disputes and prevented them, or anything else?

Mr. CRANE. No, sir.

Mr. THOMPSON. I doubt if it would be possible to find another architect that could say as much.

Mr. CRANE. Although I have lived in Philadelphia, my work has been very little in Philadelphia. It has been all over the country.

Commissioner DELANO. It does seem to me, although Mr. Crane seems to have had a very fortunate experience, that he could help us a little more than he is willing to say. He is perhaps too modest; but he certainly has had opportunities to observe many of these things.

Perhaps your freedom from strikes has been due to the fact that you have dealt with certain contractors who are freer from labor troubles than other contractors. Have you avoided contractors who are notorious in any way for getting in trouble?

Mr. CRANE. I think, perhaps, that my freedom from that sort of thing is owing to the fact that my firm have done a great deal of public work that has been rather freer from strikes than commercial work would be. It has just happened that way. My work has been scattered over the country and has been of a public character.

Commissioner DELANO. That is, neither contractor nor union would be very likely to have any trouble with any of Uncle Sam's work?

Mr. CRANE. No; not one of their buildings, for instance.

Commissioner DELANO. You say your work has not been confined to Philadelphia?

Mr. CRANE. No, sir; it has been scattered all over the country, pretty widely. Commissioner DELANO. Is Philadelphia pretty free from building strikes?

Mr. CRANE. If you ask me that question, I would say there have not been any strikes which have come to my attention, of any importance, for several years. Of course, there must be strikes going on there, but they must be of minor importance as far as tying things up is concerned.

Commissioner DELANO. Then, you have not had much trouble with jurisdictional strikes there, which are so injurious in other cities?

Mr. CRANE. No. I know there was some question about the carpenters there a comparatively short time ago, but it was not a matter that came before me in any way.

Commissioner BALLARD. Has it come to your attention at all that those contractors who have had contracts with their laborers along the lines that have been outlined have had less trouble than others? Would that come to your attention?

Mr. CRANE. That would hardly have come to my attention. That would have been just the one particular building on which they were working at the time.

Commissioner HARRIMAN. We thank you very much for coming, Mr. Crane. Is there any one else to be heard?

Mr. THOMPSON. No. Mr. Alpine and Mr. Dobson could not be here.

(At 5.30 o'clock p. m. an adjournment was taken.)

WASHINGTON, D. C., *Thursday, April 9, 1914.*

The commission met at 10 o'clock a. m., in the assembly room of the Shoreham Hotel.

Present: Commissioners John R. Commons (acting chairman), Mrs. J. Boraden Harriman, Frederic A. Delano, Harris Weinstock, S. Thruston Ballard, John B. Lennon, and James O'Connell.

Present also for the commission: Mr. W. O. Thompson, counsel; Mr. W. Jett Lauck, managing expert; Mr. George E. Barnett, special investigator; Mr. B. M. Manly, superintendent Division of Industrial Investigations; and Mr. F. H. Bird, superintendent Division of Public Agencies.

TESTIMONY OF MR. CHARLES FRANCIS.

Mr. BARNETT. Mr. Francis, please state your name and address.

Mr. FRANCIS. Charles Francis, Nyack, N. Y.

Mr. BARNETT. What is your official position with the Printers' League of America?

Mr. FRANCIS. I am president of the national, and also of the New York local.

Mr. BARNETT. Will you tell the commission when the Printers' League of America was organized, and what are its purposes?

Mr. FRANCIS. It was organized in November, 1906.

Mr. BARNETT. What are the purposes of the league?

Mr. FRANCIS. There are only two or three paragraphs, which will best explain its purposes. The purposes of this league is to abolish—in the printing and allied trades—the system of making individual labor contracts and to introduce the more equitable system of forming collective labor contracts.

The special object: It is also the object of this league to establish, in conjunction with the representatives of the employees' unions, the necessary organ for collective negotiations, and to defend the common interests of the employers, members thereof.

Furthermore, to do what is possible to establish local and national trade courts for the adjustment of all points of dispute under existing contracts; to prevent, by mutual consultation and conciliation, all strikes and strife between the employer and the employee, and, as a means thereof, to use the methods embodied in sections 1 and 2, and to make agreements, or, if impossible to harmonize any matter, it shall be arbitrated by an expert or experts in the business who is not—or are not at the time—interested, the decision of such arbitrator or arbitrators to be binding on all the parties thereto. To formulate or put into action a council on adjustment and redress for the equitable and intelligent settling of all grievances of whatsoever nature arising between the employers and the employees, or between the employers only who are members of the Printers' League of America; such council to be known as a trade court or as a court of honor; the manner of formation to be determined by the local branch affected, at a regular or special meeting, which will appoint a committee to confer with the employees, unions, who are parties to any agreement made, their acts to be sanctioned by their respective organizations to which the committees belong, and to be binding upon such organization.

Mr. BARNETT. State briefly about what you regard as the fundamental and peculiar principles of the printers' league, as distinguished from other similar organizations of the printing-trade employers.

Mr. FRANCIS. The fundamental principle of the Printers' League is that your employees are much better to work with you than for you. In other words, it is a question of friendly relations between the employer and the employee; and to accomplish that we go down into the unions' rooms and consult and talk with them in making our contracts. I will make allusion to one special contract with what they call the Big Six in New York. We got together with their officers and formulated a contract. After that contract was formulated we asked for an open meeting with their union to put that contract into force. When they met to confirm that contract there were between 1,500 and 2,000 members of the union in the hall and 7 of us employers on the platform. Naturally, there were some very strong speeches made against that contract, but with the counteracting influence of the employers on the platform, the contract was finally carried by unanimous consent, not a single vote dissenting.

Mr. BARNETT. How many branches of the Printers' League of America are there at the present time?

Mr. FRANCIS. There are two in New York—a Jewish and an English; and, then, Cincinnati, Toledo, Cleveland, Chicago, St. Louis, and Spokane.

Mr. BARNETT. What percentage of the employing printers in the job trade in New York are in the league?

Mr. FRANCIS. That is pretty hard to state—except you mean in regard to * equipment?

Mr. BARNETT. Yes; I mean in regard to the number of men employed in the book-and-job branch. What part of the men employed in the book-and-job branch does that include?

Mr. FRANCIS. We have something over 10,000 men in the shops that are in the league.

Mr. BARNETT. How many men are employed in the book-and-job trade in New York?

Mr. FRANCIS. I should say nearly twice that number.

Mr. BARNETT. So that half the employing printers in New York City—that is, those employing half the men—are members of the league?

Mr. FRANCIS. Employing half the number of men in New York; yes.

Mr. BARNETT. Are you equally strong in the other cities in which you have branches?

Mr. FRANCIS. Yes; in those cities where they are organized.

Mr. BARNETT. Where you have branches?

Mr. FRANCIS. Yes.

Mr. BARNETT. Roughly, in the cities where you are organized, you have about half of the employing printers, estimating according to the number of men employed?

Mr. FRANCIS. In Chicago more.

Mr. BARNETT. In Chicago more than that?

Mr. FRANCIS. Yes.

Mr. BARNETT. What is the character of the local agreements which your organization makes with the local unions of the printing trade?

Mr. FRANCIS. I have them here.

Mr. BARNETT. I mean, will you give us the salient features?

Mr. FRANCIS. The salient features are that we formulate a contract with them for the purpose of consultation and conciliation and final arbitration of any question that may come up—any kind of difference.

Mr. BARNETT. You have a contract in New York with Big Six?

Mr. FRANCIS. Yes.

Mr. BARNETT. Does that contract exclude from the scope of arbitration the laws of the International Typographical Union?

Mr. FRANCIS. Yes; in so far as the local contract is concerned.

Mr. BARNETT. So that any rule regulating working conditions enacted by the convention of the International Typographical Union becomes automatically binding on your members so far as they employ printers?

Mr. FRANCIS. Yes.

Mr. BARNETT. Is that included in your contract with the pressmen?

Mr. FRANCIS. It is not.

Mr. BARNETT. What is your arrangement in the contracts with the pressmen for the settlement of rules relating to working conditions?

Mr. FRANCIS. The national organization can take up such matters in the same manner as it does with the local.

Mr. BARNETT. You heard Mr. Lynch's testimony yesterday?

Mr. FRANCIS. Yes.

Mr. BARNETT. You heard Mr. Lynch testify that in his opinion it was better for the working conditions in the shop, outside of hours and wages, to be settled by the international union concerned and not by conference with the employers. He thought that the unions are ordinarily fair in these matters and that that was the better method of arranging. Do you agree with Mr. Lynch in that opinion?

Mr. FRANCIS. I agree with him in the fact that he believes that they are ordinarily fair, and I should say they are, but I do not agree with him in the fact that there should be no consultation with the employers.

Mr. BARNETT. Do the members of your league have any complaint to make against any of the laws or rules of the International Typographical Union now in force in their shops?

Mr. FRANCIS. Yes; on some matters they do.

Mr. BARNETT. What matters?

Mr. FRANCIS. I should have to go into a great deal of discussion on that proposition.

Mr. BARNETT. Does the priority law affect the book and job shops?

Mr. FRANCIS. Not at all.

Mr. BARNETT. And the exchange of matrices does not affect them?

Mr. FRANCIS. Very little.

Mr. BARNETT. Does the rule relating to the discharge of men affect the book and job shops?

Mr. FRANCIS. It is very much overlooked. It is not carried out to any material extent at all.

Mr. BARNETT. So that at the present time these rules of the International Typographical Union are chiefly rules intended for newspaper offices, are they?

Mr. FRANCIS. That is so.

Mr. BARNETT. So that the fact that they insist on compliance with those rules without conference does not really militate very much against your making agreements with them?

Mr. FRANCIS. Not at all.

Mr. BARNETT. But you can conceive that it might at some future time be a matter of controversy?

Mr. FRANCIS. Yes; it might at some future time.

Mr. BARNETT. So that on the whole you would feel that the better method was the method which you have adopted in your agreement with the pressmen?

Mr. FRANCIS. Decidedly so.

Mr. BARNETT. You have also, in addition to those local contracts, an agreement with the pressmen's international union, have you not?

Mr. FRANCIS. Yes.

Mr. BARNETT. Will you describe the salient features of that agreement?

Mr. FRANCIS. It is exactly the same as the objects which I spoke of in regard to the league. It is the settlement of all questions by consultation, conciliation, and final arbitration.

Mr. BARNETT. How is this specifically done? Suppose there is a dispute in an office of a member of the Printers' League. How is that dispute arranged? What is the first step under your agreement with the international pressmen?

Mr. FRANCIS. I think I should like to go into a little explanation of that proposition, because it will give some information on the whole proposition.

In the first place, in our contract the business agent, who has been a thorn in the side of the employer for a good many years, is not allowed to go into any of the offices without permission of the employer. That is an agreement. When he does get in by permission and he finds something wrong in the office—of course he has the chairman of the chaple there to take care of the union side exclusive of the business agent—when he gets in there and finds something wrong his proceeding is to go down to the union rooms and write to the executive committee of the local printers' league making his complaint. The executive committee immediately takes it up, and if they decide in favor of the employers and he still thinks he has a grievance it is then referred to the conference committee, the conference committee consisting of three employers and three employees. That provides for an arbitrator should it be necessary.

We have been in existence in New York for eight years with four unions, and in the whole of that time we have only found it necessary to go to arbitration twice. A full account of one of these arbitrations is right here.

Mr. BARNETT. I suggest that you file one with the reporter.

Mr. FRANCIS. Very well.

(A report of the arbitration was filed with the official reporter.)

Mr. BARNETT. Is there any provision for national arbitration?

Mr. FRANCIS. Yes; but so far it has not been necessary.

Mr. BARNETT. The provision is in case the two sides are not able, I presume, to select a local arbitrator, then to go to the national arbitrator?

Mr. FRANCIS. In exactly the same way.

Mr. BARNETT. Would either side have the right to appeal to the national board of arbitration if it was dissatisfied with the findings of the local arbitrator?

Mr. FRANCIS. Yes.

Mr. BARNETT. You have had two arbitrations in New York?

Mr. FRANCIS. Two local arbitrations in New York.

Mr. BARNETT. Did either side appeal?

Mr. FRANCIS. No; not at all. They were both well satisfied with the decisions.

Mr. BARNETT. What kind of persons do you get to serve as arbitrators?

Mr. FRANCIS. I think that is the secret of the success of the arbitration. We aim to have somebody who is acquainted with the conditions in the busi-

ness; in other words, some one who is practical in the business. This is the first arbitration. We did so with the cylinder-press feeders of New York. The man unanimously chosen was president of No. 6, compositors' union, Mr. Murphy. His decision was eminently satisfactory. If you desire, I will describe the contest.

Mr. BARNETT. Yes; I wish you would.

Mr. FRANCIS. The contest was as to whether one man or two men should run the feeding machines on two cylinder presses. The union claimed that there should be one man to each press. We claimed it was not necessary to have more than one man to two presses. The decision was that while one man could run two presses he should be entitled to a little more pay for running two presses than for running one, so that it was decided that while he was running a single press that he should get \$16 a week, and where he was running two he should get \$18 a week. That decision was eminently satisfactory to both sides.

I will just state, incidentally, that one gentleman who was on the outside, not in the agreement, tried to enforce the decision of our arbitrator in his own office. He had some 32 cylinder presses, which made a difference of 16 men to him. The union would not allow him to do that. They said their rules were one man to a cylinder press. He very soon became a members of the Printers' League of America and saved \$10,000 a year.

Mr. BARNETT. Do pressmen continue in New York to enforce their rule on outside printers?

Mr. FRANCIS. Yes.

Mr. BARNETT. That is a different rule from that enforced with the Printers' League?

Mr. FRANCIS. Yes. They claim they go to an arbitration with the league as an individual contract with the league; that is, it does not apply to anybody who is not a member of the league.

Mr. BARNETT. Who was the arbitrator in the other case?

Mr. FRANCIS. He was a former employer, Mr. Willett.

Mr. BARNETT. What was the case? That is, with what trade was it?

Mr. FRANCIS. It was with the same people.

Mr. BARNETT. With the pressmen?

Mr. FRANCIS. This was the arbitration which I have filed. It gives the whole question. That was eminently satisfactory—so much so that when the arbitration was through, and before the arbitrator gave his word, the president of the union, who was one of their committee, came to me and said, "Mr. Francis, I would not go back to the old plan for anything; you could not get me to go back." He said, "This is so much superior that we would not think of going back."

Mr. BARNETT. So that you do not feel the same objection to the employment of arbitrators which some of the witnesses yesterday expressed?

Mr. FRANCIS. Not at all. Some time ago Bishop Potter was employed in that position, with the printers, and made what to him, no doubt, was a good decision, and it was accepted, but it had to be corrected, because he did not know the technicalities of the business. They had to get together afterwards and correct his decision. In our case we always try to get somebody who knows the conditions, and who will not make technical mistakes of that kind.

Mr. BARNETT. Have you been equally well pleased with the workings of the agreement in other cities outside of New York; the other places where you have branches of the league?

Mr. FRANCIS. Yes. But it is not to be supposed that this is perfection, by any manner of means. We strike difficulties in this, as well as in anything else. For instance, the principal difficulties with such a matter as this are the unions themselves.

Take, for instance, the internal difficulties in the unions. Take, for instance, the politics in the unions. That has a great deal to do with the arbitration difficulties which we have. When they are coming near to an election, it is difficult to get anything through, or, if it does go through, it must be favorable to the union, in order to help a reelection.

Then they have jurisdictional fights between themselves, with which we ought to have nothing whatever to do. Those also have some effect on the employer, incidentally. For instance, the pressmen claim jurisdiction over certain apprentices, and the press feeders authority under the same international jurisdiction, but not under the same local jurisdiction, claiming equal

jurisdiction over some particular position. In those instances we generally suffer.

Mr. BARNETT. And sometimes have a strike?

Mr. FRANCIS. No; the only thing approaching a strike since the Printers' League has been in existence in New York City has been two instances in which the men really got drunk and went off, and their places were supplied within two hours' time after they went out, by the union.

Mr. BARNETT. So that you have no complaint to make on the score that the agreement has been violated through strikes?

Mr. FRANCIS. No.

Mr. BARNETT. Or cessation of work?

Mr. FRANCIS. Not at all.

Mr. BARNETT. The agreement provides that there shall be no cessation of work?

Mr. FRANCIS. It provides that there shall be no cessation of work, pending the decision—that matters shall remain in status quo.

Mr. BARNETT. Have any cases been taken up from the other cities under the pressmen's agreement, to the international board of arbitration?

Mr. FRANCIS. None of them.

Mr. BARNETT. Has the national board ever been convened?

Mr. FRANCIS. No.

Mr. BARNETT. Have you attempted to get any agreement with the International Typographical Union similar to the pressmen's union?

Mr. FRANCIS. Yes.

Mr. BARNETT. Why were you not able to make that agreement?

Mr. FRANCIS. It was at the convention, I think, in Minneapolis four years ago, but for some reason Mr. Lynch did not see fit to put it through at that time. It was put up to him and his executive committee. For some reason he has put off the question, up to the present time. We expect to have that go through this year.

Mr. BARNETT. Do you expect to have him allow claims to go to adjudication and settlement in all matters?

Mr. FRANCIS. That is what we expect to get through?

Mr. BARNETT. You expect then to get the International Typographical Union to waive this rule on which they insist in other relations with the publishers?

Mr. FRANCIS. That is really the intimation you got yesterday from Mr. Berry here, when he said they made some difference on account of the broad principles of the Printers' League.

Mr. BARNETT. You hope the International Typographical Union will make a similar agreement?

Mr. FRANCIS. Yes.

Mr. BARNETT. Has that been the chief difficulty in getting through this arrangement, as you understand it—the reluctance of the union?

Mr. FRANCIS. No; I think the chief difficulty came from the fact of the explanation which Mr. Lynch gave you yesterday about the difficulty of the odd man. He wanted to get that settled with the American Newspaper Association before he began negotiations with us. I think that has been the principal cause of the delay.

Mr. BARNETT. I think that is all, Mr. Chairman.

Commissioner DELANO. Mr. Francis, I understood you to say that your league deals with four different classes or subtrades of the general printing trade?

Mr. FRANCIS. Yes.

Commissioner DELANO. How many other subtrades are there in the general trade with which you do not deal?

Mr. FRANCIS. We have no contract with the engravers.

Commissioner DELANO. That is the only one?

Mr. FRANCIS. There is the contract with the electrotypers, but not connected with the league. It is a league contract, but it is not connected with our league.

Commissioner DELANO. Unfortunately I did not hear all of the testimony yesterday, but there has been a good deal of testimony before the commission for and against this proposition of an odd man. That is what we call the umpire or referee. Some take the position that having a referee in the background tends to result in harmony between the two sides of the faction, because those two sides realize that the referee will come in if they do not settle it.

Others take just the reverse position, that having a referee in the background has the effect of postponing harmony, because they feel that the matter can be referred to a referee, and he will be made the "goat," as was the expression used.

I would like to have an explanation from you as to how you think that works; which view of the thing is correct.

Mr. FRANCIS. In a sense I think they are both correct, but I think that the mistake comes in not having the right man as the referee.

Commissioner DELANO. How do you secure the right man? Do you secure him in advance of trouble; do you name him at the beginning of the year, for instance, not knowing just what is coming up, or do you wait until you get an acute situation and select the referee?

Mr. FRANCIS. We wait until we find that we can not agree by conciliation.

Commissioner DELANO. Supposing one side insists on one man or group of men, and the other side will not accept that man or group of men, but insists on an entirely different group of men; do you have a deadlock on that question?

Mr. FRANCIS. We have not deadlocked so far. We have been unanimous in our selection.

Commissioner DELANO. Unanimous?

Mr. FRANCIS. And in one case you will notice it was a union man, and in the other case an employer.

Commissioner DELANO. Is there any rule for the selection? Does one side or the other agree that it will select some one of a number of men that have been chosen or named by the other side?

Mr. FRANCIS. Both sides put up names, until we can agree by a process of elimination to decide upon some one man.

Commissioner DELANO. Do you find that when a man has once decided against either side, he is ever acceptable again as an umpire or referee?

Mr. FRANCIS. We have not had such a decision.

Commissioner DELANO. They were compromises, were they not?

Mr. FRANCIS. Yes.

Commissioner DELANO. Satisfactory to both sides?

Mr. FRANCIS. Yes.

Commissioner DELANO. Usually compromises are unsatisfactory to both sides.

Mr. FRANCIS. In these two cases they were perfectly satisfactory to both sides.

Commissioner DELANO. That is all, Mr. Chairman.

Commissioner BALLARD. Mr. Francis, is there any agreement on the part of the employers or employees that either side will not work men in any other association who are not members of either of those two associations? Can the union men work for anybody who is not a member of either association?

Mr. FRANCIS. Oh, yes.

Commissioner BALLARD. Can your association employ anybody it pleases, or must it employ union men?

Mr. FRANCIS. They agree to employ union men.

Commissioner BALLARD. Will union men who work for the association handle nonunion material?

Mr. FRANCIS. Just let me finish my answer. We agree to employ union men, but the union must provide us with men who are proficient in the business.

Commissioner BALLARD. Will they handle nonunion material?

Mr. FRANCIS. Yes.

Commissioner WEINSTOCK. Were you here yesterday, Mr. Francis, when Mr. Frey, of the Molders' Union, testified?

Mr. FRANCIS. Yes.

Commissioner WEINSTOCK. You remember the attitude he took toward arbitration?

Mr. FRANCIS. Yes.

Commissioner WEINSTOCK. He thought it was not conducive to the best results, and that the wisest plan was to endeavor to adjust difficulties through conciliation, and that if conciliation failed, he regarded a strike as a lesser evil than arbitration. Are you in accord with that view?

Mr. FRANCIS. I am entirely against it. I am absolutely opposed to strikes and lockouts.

Commissioner WEINSTOCK. You think if arbitration is an evil, it is a lesser evil than strikes or lockouts?

Mr. FRANCIS. Decidedly.

Commissioner WEINSTOCK. As an employer, would you, if you could, abolish the unions?

Mr. FRANCIS. No.

Commissioner WEINSTOCK. Why not? Would it not give you more latitude? Would you not be freer? With unions in the field, are you not more or less straight-jacketed?

Mr. FRANCIS. A gentleman once said to me, who was running along the same vein as your question, when there was a strike on in New York, "You ought to be very well satisfied." He said, "You only have one union to deal with, whereas I have a union in every man that is in the shop."

Commissioner WEINSTOCK. Is it not easier to handle the one man, if he is a union unto himself, than it is to handle a multitude of men, if they are united?

Mr. FRANCIS. I think not. The principle of the whole proposition is the question of humanity, the question of making these men understand that you are doing the very best you can for them honestly and that you expect them to do the best they can by you. In other words, as they put it, they want a square deal. If they want a square deal, and we are willing to give it to them, then they should give the employer a square deal also. It is a question that works both ways.

Commissioner WEINSTOCK. Then as a result of your experience you believe that from the standpoint of the worker and the standpoint of the employer, collective bargaining is conducive to the best results?

Mr. FRANCIS. I do.

Commissioner WEINSTOCK. Rather than individual bargaining?

Mr. FRANCIS. I do.

Commissioner WEINSTOCK. Have your unions—that is, the unions with which you deal—always observed their contracts?

Mr. FRANCIS. Yes.

Commissioner WEINSTOCK. There have been no instances of contract breaking?

Mr. FRANCIS. We have had no instance of contract breaking.

Commissioner WEINSTOCK. You have already explained that the conditions under which you operate in New York are different from those in Boston, where the employers have an agreement that they are at liberty to employ nonunion as well as union men. In your case you are confined to union men?

Mr. FRANCIS. As long as the union can supply us with proper material.

Commissioner WEINSTOCK. What are the relations existing between the employers, your association, and the unions? Are they cordial and friendly, or are they hostile?

Mr. FRANCIS. Decidedly friendly. I would say personally, for myself, that I have been down to the union rooms about a hundred times, and that I have always been received with the greatest cordiality, and I have been listened to with respect, and in many instances have gained not only confidence and esteem, but the points I went to gain.

I would like to mention one matter that related to me personally, not as a member of the league, or as anything except an employer of labor. I went down to the Cylinder Press Feeders' Union on one occasion where they had made an application for a raise in wages, with the intention of asking them to withdraw their application voluntarily. I made my plea, and after I got through I learned that I lost that proposition by a majority of three, which shows that the employer has some influence upon that kind of a proposition, because from what I knew when I went into the room, there was not a man there who was in favor of withdrawing that application for a raise.

I honestly believe that if I had had two or three other employers who would have backed up that plea to them we would have won out—that would have determined it. I showed them in what condition it would leave them; it would put them in a position that when they came back, showing a consideration for the employer, it would be very hard for the employer to refuse them, if they came back in a proper time. I will say that they respond wonderfully to a talk of that kind. If you will tell them the conditions that you have and they have confidence in what you are telling them, they respond very readily. I think that the system of education by getting closer together with the employees would have a wonderful effect on the whole Nation in regard to its relations between employer and employee.

Commissioner WEINSTOCK. I take it, then, that you have found it, as the result of your experience, that far better results, from the selfish standpoint of the employer, are to be obtained by working with the unions rather than fighting the unions?

Mr. FRANCIS. Decidedly so. I do not think there is any comparison.

Commissioner WEINSTOCK. That if you show a readiness to recognize and deal with them they are likely to be in a more reasonable frame of mind than if you show hostility and lead them to feel that you want to wipe them out?

Mr. FRANCIS. Decidedly so.

Commissioner WEINSTOCK. Have you had any difficulty about the problem of limited output?

Mr. FRANCIS. Never.

Commissioner WEINSTOCK. Is there any restriction placed upon your men as to output?

Mr. FRANCIS. Not that I know of; and I really believe that it is not true, so far as we are concerned.

Commissioner WEINSTOCK. I am a layman in the printing business, and so I am not familiar with the technicalities; but are your people paid by piecework or by day wage?

Mr. FRANCIS. Almost entirely by day wage at the present time. Piecework is almost abolished.

Commissioner WEINSTOCK. Have you any means of measuring a man's work, as to whether he is earning his wage or not?

Mr. FRANCIS. Yes; in a sense we have, especially in the pressrooms.

Commissioner WEINSTOCK. And you can easily distinguish the fit from the unfit by results?

Mr. FRANCIS. In my place I have a report from each press three times a day, so that I know pretty nearly what is being accomplished on that press; and, naturally, the employee is the one to look to for results.

Commissioner WEINSTOCK. Do your union men show loyalty to their employers?

Mr. FRANCIS. Yes.

Commissioner WEINSTOCK. They give the employer the best they have to give?

Mr. FRANCIS. Yes.

Commissioner WEINSTOCK. Can you discharge any of your men at will, for any cause?

Mr. FRANCIS. I should say yes.

Commissioner WEINSTOCK. Are you obliged to give a reason for the discharge?

Mr. FRANCIS. If the man complains to the union, yes.

Commissioner WEINSTOCK. If, in the judgment of the union, it has not been a fair discharge—that is, if there has not been any cause that in their judgment would be sufficient to warrant his discharge—can they demand a reinstatement of the man?

Mr. FRANCIS. It goes through the usual process of conciliation. The complaint goes to the executive committee and then to the conference committee.

Commissioner WEINSTOCK. If it is a question of competency, do you have to prove that the man is incompetent?

Mr. FRANCIS. Not necessarily.

Commissioner WEINSTOCK. Is it not rather a difficult thing to do, to prove a man's incompetency?

Mr. FRANCIS. Yes; it is a difficult thing.

Commissioner WEINSTOCK. So that if, in your judgment, the man is incompetent, that practically ends it, does it not?

Mr. FRANCIS. Yes.

Commissioner WEINSTOCK. Will the union intervene in his behalf if he has been dismissed for intoxication?

Mr. FRANCIS. Sometimes they will, but they never get him reinstated.

Commissioner WEINSTOCK. They never do, but they are willing to intervene in his behalf?

Mr. FRANCIS. If it is a question whether or not he is intoxicated.

Commissioner O'CONNELL. The question, sometimes, as to when a man is intoxicated, has not been legally decided.

Commissioner FRANCIS. We have never had any trouble on that score. I think if the foreman were to say that the man was intoxicated, his word would be taken for it.

Commissioner O'CONNELL. We had quite a serious question in the District here, under our new law, as to when a man is intoxicated.

Commissioner WEINSTOCK. Yes; I suppose that is a difficult thing to determine, at times. I remember hearing of a case in California where a man was charged with crime, and the defense being that he was under the influence of liquor, a brewer being called as an expert, the question was put to him, how many glasses of beer a man could drink without getting drunk, and he said

that he drank 25 or 30, but some men made hogs of themselves and drank 35 or 40.

On the whole, Mr. Francis, then, you feel that the relations between your association and the unions are satisfactory and harmonious, and you would not change the conditions if you could?

Mr. FRANCIS. There are some things we would like to change.

Commissioner WEINSTOCK. But, taking the situation as a whole—

Mr. FRANCIS. Taking the situation as a whole, it is a hundred per cent better than it was before the institution of the league.

Commissioner WEINSTOCK. That is all, Mr. Chairman.

Commissioner O'CONNELL. Mr. Francis, are the members of the league also members of the typothetæ?

Mr. FRANCIS. In some instances. I am a member of the typothetæ.

Commissioner O'CONNELL. And vice versa?

Mr. FRANCIS. And vice versa.

Commissioner O'CONNELL. What is the essential difference between the league and the typothetæ?

Mr. FRANCIS. The typothetæ is an organization ostensibly for the building up of the printing business from the business standpoint. Originally it was formed for the purpose of fighting the unions. After the strike of 1906 it lost its occupation. In other words, it was beaten out.

Commissioner O'CONNELL. The typothetæ was beaten out?

Mr. FRANCIS. The typothetæ was beaten out, and from that time forward it has gone into the cost system, introducing cost systems into the different offices for the purpose of teaching the employer how to get a profit out of his business. They have a union and a nonunion branch. They have not formulated their union branch at all, but they have formulated their nonunion branch, and that is in existence at the present time. I should say that the Printers' League and the typothetæ are endeavoring to get together, so as to make the Printers' League practically the union branch of the typothetæ, if we can do so without losing members, and without interfering with the working of the league proposition; for the reason that the typothetæ has been in existence for a very much longer time and has a wider scope and a larger membership. We have done no organizing, and what has been accomplished by the league has just been merely the natural growth from city to city.

I have been invited to different cities at different times, and have explained the purpose of the league; and the result has been that the league has been formed; but there has been no general effort. I could not give the time to it, because I have business to attend to. I have 300 employees in my office.

Commissioner O'CONNELL. In the formation of these two sections of the typothetæ, one portion is organized with a view to cooperating with the unions, and the other is anti?

Mr. FRANCIS. Yes.

Commissioner O'CONNELL. When a member joins is he permitted to join either one of these divisions of the typothetæ, or to become a full member?

Mr. FRANCIS. When they formulate those divisions. While the constitution provides for the formulation of a union committee, there has been no union committee formed up to the present time. There was a change made in the constitution in Denver, I think it was three years ago. Prior to that there was no regulation at all on the question of labor. At that time they took up this union and nonunion question and changed their constitution so as to allow their members to form an independent organization of nonunion and union branches.

Commissioner O'CONNELL. In the organization itself there is within it a smaller organization composed of those who do not wish to contract with unions.

Mr. FRANCIS. That is the main organization. These others would be outside of that main organization.

Commissioner O'CONNELL. But all holding membership in the original or parent organization?

Mr. FRANCIS. Yes.

Commissioner LENNON. I should like to ask, Mr. Francis, whether or not in so far as labor has to do with profits, your experience is that friendly relations with the union have been beneficial to you as a business man?

Mr. FRANCIS. Yes; especially on the question of stability. We have no fear at all of any strike, and in the business in which I am engaged, which is very largely publications, that is a very necessary proposition.

Commissioner LENNON. Then from your experience you consider it a profitable proposition financially.

Mr. FRANCIS. I certainly do.

Commissioner LENNON. That is all.

The ACTING CHAIRMAN. Mr. Francis, I may have missed your answer to this question: Your business is practically entirely distinct from that of the newspaper publishers; that is to say, you are what would be called a book and job office?

Mr. FRANCIS. A commercial office; yes.

The ACTING CHAIRMAN. You call that a commercial office?

Mr. FRANCIS. Yes.

The ACTING CHAIRMAN. What does that include that would not be included under the term of "book and job"?

Mr. FRANCIS. A book and job office generally refers to what you might term a commercial office, and yet at the same time it does not really cover the whole question. There are so many different divisions in the printing business at the present time that the word "commercial" covers the ground a great deal better than "book and job."

The ACTING CHAIRMAN. What besides book and job would be an illustration of what it means?

Mr. FRANCIS. A label office would come in under the head of "job." At the same time it would be strictly a label office, printing labels, like drug labels, for instance. That is one branch of the business. A poster office, printing nothing but posters, would be another. It is divided up into a great many things at the present time. Take the stationery business. That is a very large majority, and it comes under the head of job, but it differs, and I think the word commercial covers it a little better. Then take my own office. Sixty per cent of my business is publications.

The ACTING CHAIRMAN. That is, weeklies and monthlies?

Mr. FRANCIS. Weeklies and monthlies.

The ACTING CHAIRMAN. Then you have in your office a necessity of getting out your work on time?

Mr. FRANCIS. Yes. I put out a publication every day; different publications, monthlies and weeklies, etc.

The ACTING CHAIRMAN. Do you find that in bidding for work you are at a disadvantage with typothetæ or nonunion commercial houses—commercial printers?

Mr. FRANCIS. I do not. I find the competition is a great deal stronger from outside places, such as Mr. Finlay mentioned yesterday, where the rate of wage is so much smaller than it is in New York City. New York City pays the highest rate of wage of any city in the country.

The ACTING CHAIRMAN. Would it make any difference whether those outside cities were controlled by the union or were open shop?

Mr. FRANCIS. It does not make any difference. The rate of wages there is smaller, and the consequence is the expenses are less.

The ACTING CHAIRMAN. So the union does not protect you against the competition of smaller localities?

Mr. FRANCIS. Outside?

The ACTING CHAIRMAN. Outside localities.

Mr. FRANCIS. It does not. It has tried to in some instances.

The ACTING CHAIRMAN. Have you asked them to do it in any way?

Mr. FRANCIS. Yes. In the law printing they made a strenuous effort in New York to counteract the effect of Middletown, N. Y., which was taking a large amount of the work out of New York.

The ACTING CHAIRMAN. Could you state the difference between the wages you pay and the wages paid at Middletown in law printing?

Mr. FRANCIS. Middletown was run on a nonunion proposition and the wages would be nearly cut in half as compared with New York City.

The ACTING CHAIRMAN. About half the wages are paid in Middletown?

Mr. FRANCIS. Yes; mostly girls on that work. Law work is straight work, and it is comparatively easy.

The ACTING CHAIRMAN. Take any other outside town that does law printing under union conditions, can you recall such a case?

Mr. FRANCIS. I do not know of any case, specially. You might take it in another line, the book-printing line. The Riverside Press takes a great deal of work out of New York.

The ACTING CHAIRMAN. Where is that located?

Mr. FRANCIS. Just outside of Boston, at Cambridge, I think.

The ACTING CHAIRMAN. Is that a nonunion shop?

Mr. FRANCIS. No; it is a union shop; but their conditions make their overhead charges and their wages very much less than ours.

The ACTING CHAIRMAN. The union, then, is not protecting either Boston or New York against book printing by firms outside?

Mr. FRANCIS. No.

The ACTING CHAIRMAN. Would it be possible for them to do it?

Mr. FRANCIS. I think it would be a very difficult thing to accomplish. It would be the expense of living in one place, and the expense of living in the other, and the amount of time necessary to go to and from work, which makes it very hard to regulate.

The ACTING CHAIRMAN. There is no advantage in having a printers' league in one of these outside towns that pays lower wages, is there?

Mr. FRANCIS. Oh, yes; there would be an advantage in the Printers' League there, because they would protect themselves against trouble with the union.

The ACTING CHAIRMAN. But they would also desire to protect themselves against the competition of you.

Mr. FRANCIS. We do not compete very much with the outside, although that was spoken of yesterday; that is, that they go out and get it. In some cases we do, because of the very much more complicated machinery that we can use in New York City that they can not use in the smaller towns.

The ACTING CHAIRMAN. That is, you can get large operations?

Mr. FRANCIS. Large operations. They have not the facilities to get away with some things that we have.

The ACTING CHAIRMAN. On another point, do you know of any case in which, under your agreement, you have actually employed a nonunion man because the union was not in a position to furnish you with a man who could do the work?

Mr. FRANCIS. I do not recall any such case at the present time.

The ACTING CHAIRMAN. Whether in your experience or any other?

Mr. FRANCIS. The only one that I remember on that was not one that we had any contract with. That was a machinist. There were two machinist unions, and I hired a brotherhood man, and he remained in my place until I wanted to get rid of him, although they made some objections just the same.

The ACTING CHAIRMAN. He was not under the jurisdiction of the printers then?

Mr. FRANCIS. No; not under the jurisdiction of the printers.

The ACTING CHAIRMAN. Then, as a matter of fact, that option of taking non-union men is of no particular value to you?

Mr. FRANCIS. Yes; it is in some respects. I would explain one case. The J. J. Little & Ives Co. needed some monotype operators. The monotype operators had all been confiscated down here to Washington for the time being. They needed them down here and had drawn from New York until New York was absolutely dry. They had to have them at a certain time. Mr. Little was a member of the Printers' League, and sent down to the unions and they did not supply the men, and he put an advertisement in the World stating that he wanted some monotype operators, union or nonunion. I think he had one or two applications, as far as nonunion men were concerned, but the union immediately got busy, and he got all the monotype operators he wanted, and competent ones, too.

The ACTING CHAIRMAN. So, then, according to that, the advantage is that it puts pressure on the union to hunt up the men to furnish?

Mr. FRANCIS. Exactly.

The ACTING CHAIRMAN. Suppose they were to furnish you with a man, not in a different line of work or on a different specialty, but in ordinary composition, that you judged was incompetent.

Mr. FRANCIS. It is up to us as to whether we consider him competent or not.

The ACTING CHAIRMAN. You have never gone outside of the union to get a man in a case like that?

Mr. FRANCIS. No; we have not found it necessary.

The ACTING CHAIRMAN. In the matter of the exclusion of the business agents from the office, on what grounds have you had trouble with the business agents as distinguished from the chairman or father of the chapel?

Mr. FRANCIS. I do not just exactly understand.

The ACTING CHAIRMAN. You said that you had had a great deal of trouble with the business agent; that is, an officer of the union who was not one of your employees?

Mr. FRANCIS. Yes.

The ACTING CHAIRMAN. How is it that you do not have similar trouble with the man representing the union who is your own employee?

Mr. FRANCIS. Why, the difficulty has been that in most instances some employee who has been temporarily employed goes to this business agent and makes some kind of complaint and then he comes up to the office with the intention of getting even in some shape or another, and the consequence is that he comes up in a bad spirit, whereas the chairman of the chapel, if he is any kind of a reasonable man—and they usually are—gets along very well with the firm, and he knows the reasons why that man was put out, or what his trouble is, and he usually sanctions it. But the business agent is sometimes inclined to show a little authority, and he will come down and threaten the office, if there is no Printers' League in the office, that he will take the men out unless they reinstate that man. There is no reason at all; it is just despotic action.

The ACTING CHAIRMAN. So far as your experience goes, then, you think that the rule should provide that the business agent could not go on the job without the consent of the employer?

Mr. FRANCIS. I think it is very much better. I do not see any reason why a man from the outside or from the union should have entrance to your shop, when they are already represented in the office by the chairman of the chapel, and they insist upon having the foreman as on their side, also. That I disagree with, because I think that the foreman ought to represent the office as opposed to the chairman, who represents the union. I do not think there ought to be any outside interference.

The ACTING CHAIRMAN. But the business agents should restrict their dealings to the head of the firm?

Mr. FRANCIS. Yes.

The ACTING CHAIRMAN. And should not be allowed to deal with the men in the office?

Mr. FRANCIS. No.

The ACTING CHAIRMAN. In the case of the discharge of a union man on the ground that he is inefficient, the objection that would be brought up by the union would be that he is to be discharged for union activity, as a rule?

Mr. FRANCIS. Yes; I presume so.

The ACTING CHAIRMAN. Have you had complications arising out of discharging a man, and its being claimed that is was a matter of discrimination rather than a matter of inefficiency?

Mr. FRANCIS. I never heard of such a thing. We have had very little trouble with anything of that kind.

The ACTING CHAIRMAN. When you discharge a man it is usually accepted as a matter of incompetency?

Mr. FRANCIS. Yes.

The ACTING CHAIRMAN. To do your work?

Mr. FRANCIS. Yes.

The ACTING CHAIRMAN. And the union does not bring up that question?

Mr. FRANCIS. The union has not brought up that question at all with the league, that I know of.

Commissioner HARRIMAN. Mr. Francis, I would like to know how you would suggest bringing about a better understanding between the unions and the average employer. How would you bring them into closer touch?

Mr. FRANCIS. Very largely on the humanity principle.

Commissioner HARRIMAN. How would you have them start? Educate them up?

Mr. FRANCIS. I think it would be necessary for the employer to make the employee understand the conditions under which he is working. We have kept too much aloof from the employee, and he has gone into the office with the idea that the employer is just merely manufacturing money from his services, and he gets that idea so closely woven into his mind that he thinks he ought to have some of it, and he is going to get it some way or other. That is the impression that you have got to eliminate from the mind of the employee, and the only way that I know to eliminate it is to associate with them and get their confidence, and when you tell them anything tell them the truth straight, and do not try to hide anything, which has been done by the employers time and again. They have not been making much more and they just simply say that they can not pay these wages, but they do not show the conditions.

What I have said before is true. At any time I have gone down into the union rooms personally, myself, I have been treated with the utmost respect, and I honestly believe that every man in the room had confidence in what I said to him about the matter. What I have told them time and again is this, that it is impossible for them to take out of the employer's pocket any more than they put in. It is absolutely necessary for them to produce, if we are going to have any business at all, and if that business stops it stops them as well as it stops the employer; that they are half partners in any business, because they take away the first half of the money that comes in, and they have to have theirs, whether we have any or not. Forty per cent in addition to that goes to the overhead charges, and there is left only 10 per cent, as a general rule, about which we can have any controversy, and the question comes up, how much of that 10 per cent we are going to quarrel about, and if so, is it worth while; and I think education along those lines, which shows that they are absolutely necessary for the business and should be consulted in a good many cases, would be a very efficient manner in which we could overcome a great many of the difficulties.

I also have put it up to the employees in the printing business that it is their duty, as being the most intelligent class of labor in the United States, or in any other country, to lead the way under those conditions. They can understand.

You know, I can easily understand, in regard to the question of Mr. Schaffner, where he has a number of foreigners, that it is almost impossible to get them to understand the questions that we can make our men understand. You can talk as intelligently to a class of compositors and pressmen and make them understand the conditions of business as well as you can any business man; and if you are straightforward and honest in your convictions and can show them they are ready to be shown, and they are ready to respond to almost anything that you think or can make them see is necessary for the upbuilding of the whole business, because directly they stop work they stop themselves. They have got to keep on producing. I have told them this, that the whole capital of this country would not pay the wages for any length of time if they did not keep on producing. It is absolutely necessary to produce in order to keep the machinery moving, in order to obtain food and clothing for their families, and if they do not do that, or if they try to do anything in an antagonistic mood, it is absolutely impossible to get the best results. In other words, I have told them this, that if there is a man loafing alongside of one who is working, the man who is working is paying that man's wages, indirectly; that he has got to earn enough to pay the man that is loafing, and therefore it is up to him to see that the man does not loaf. The more industry, the more chance of paying wages.

Commissioner HARRIMAN. Do you believe there should be a National or State board of arbitration?

Mr. FRANCIS. I think perhaps it might be a pretty good thing, in a good many instances.

Mr. BERRY. Mr. Chairman.

The ACTING CHAIRMAN. Have you a question that you would like to ask?

Mr. BERRY. I would like to ask one or two questions, if the commission will permit.

The ACTING CHAIRMAN. Very well.

Mr. BERRY. In following up this question of fair play with the union that you speak of, it is a fact that you attend the conventions of the various printing trades unions?

Mr. FRANCIS. Always at their invitation.

Mr. BERRY. And discuss with them matters of law?

Mr. FRANCIS. Yes.

Mr. BERRY. It is a fact, too, that you have suggested a certain change in their fundamental laws, which has been given consideration and changed upon your request?

Mr. FRANCIS. That is true.

Mr. BERRY. In carrying out the general idea of cooperation and better understanding?

Mr. FRANCIS. Decidedly so.

Mr. BERRY. That is the international union that does that. Regarding the matter of uniform competition, it is a fact that the five international printing-trades unions have a universal eight-hour work day wherever they have their organization?

Mr. FRANCIS. Yes; that is true.

Mr. BERRY. But there is a variance as to compensation—as to wages?

Mr. FRANCIS. Yes.

Mr. BERRY. Which is the only difference in New York and the outside States. I want to say right on that point that the International Printing Pressmen's Union is endeavoring to establish, and is on record as favorable to the establishment of, a uniform wage scale throughout North America. I am quite confident that if the printers' league controlled the employing printers of this country, as we control the employees, we could very easily establish a uniform wage scale. I make this statement in order that the commission may understand that our union is desirous of giving to the employer every protection which is a fair protection, in the matter of competition; every protection that it is within our power to give; and one of the chief reasons for the failure to have a uniform wage scale is because of the division of the employers among themselves.

Commissioner WEINSTOCK. I should like to present the same thought that Mrs. Harriman presented, from a little different angle. I should like to ask you what, in your judgment as a successful employer of many years' experience and evidently as a profound student of the labor problem, is the missing link between capital and labor.

Mr. FRANCIS. The missing link is the fact that from time immemorial, since the unions came into existence, we have looked upon one another as enemies; the employer as the natural enemy of the workman, and the workman as the natural enemy of the employer, and it is just about time that we changed that proposition. Whether we want to or not, our aims must be the same; otherwise, we can not get the necessary results.

Commissioner WEINSTOCK. Is not the Socialist emphasizing that thought in the mind of the worker, that the capitalist is his natural enemy, and that he can only get rid of him by swallowing him up?

Mr. FRANCIS. I think that is true. Still, I seems to me that it is a very large sentiment, which Mr. Berry spoke of, at the present time. I find they are very willing to listen to an employer if he will go, and they are more than willing to issue invitations.

Since the printers' league came into existence there has never happened one international convention that, as president, I have not been asked to address them and go and consult with them on any item I thought would be beneficial to the general working conditions in the printing business.

Commissioner WEINSTOCK. I gather, then, Mr. Francis, that your judgment is that one way to find the missing link is along the lines of contact. That is, for the employer and the worker to get together more often and to learn to know each other better.

Mr. FRANCIS. I think there is no doubt about that, and I think it is up to an employer to educate the workman in the principles that are absolutely necessary to success in business. Those principles are along the line of cooperation.

Commissioner WEINSTOCK. Are there many Socialists in the ranks of the printers?

Mr. FRANCIS. We run across them sometimes.

Commissioner WEINSTOCK. Do they dominate?

Mr. FRANCIS. No; not at all.

Commissioner BALLARD. Do you use the union label on your work?

Mr. FRANCIS. Yes.

Commissioner BALLARD. Do you find it has any particular advantage?

Mr. FRANCIS. When I find it is of no advantage I throw it out.

Commissioner BALLARD. Do you find it an advantage?

Mr. FRANCIS. At the present time; yes. I do not use it generally. I only use it when it is requested.

Commissioner BALLARD. For instance, if you should have an accident or breakdown in your shop, and you wanted to pick up some men on the street to make the repairs, would you be compelled to get union carpenters, union machinists, or printers, or could you hire anybody?

Mr. FRANCIS. I have never had any trouble with anything of that kind.

Commissioner BALLARD. Do you mean you could or could not employ a non-union man?

Mr. FRANCIS. I should take the opportunity of repairing that break as quickly as possible, and if I could not get a union man I would take anyone I could get.

Commissioner BALLARD. Would the union printers complain?

Mr. FRANCIS. There might be a complaint come in, but I have never known of any serious complaint coming in.

The ACTING CHAIRMAN. We are very much obliged to you, Mr. Francis.

Mr. FRANCIS. Mr. Chairman, there is just one other thing that I would like to call to the attention of the committee, if I may be permitted, and that is to call attention to the growth of unionism, especially in our own particular line. I would say that on the introduction of the linotype in 1886, especially where it came to the commercial line, the International Typographical Union practically comprised all of the branches of the allied printing trades, and the total number of members at that time was about 20,000. At the present time they have split up into five different organizations, and there are now between 100,000 and 125,000 persons in those unions. That shows that the growth of unionism is greater than the growth of the printing business; in other words, that it is increasing all the time, and that it has come to a time when we have to take care of that matter.

There is another suggestion I should like to make, if I may be allowed, and that is this: There has been some statement made here on our own particular basis about compulsory arbitration. I do not think we are quite ready for that at the present time, but what I do think is this: That there ought to be some law which would be binding on both parties to fulfill the moral contracts into which we enter, for they are nothing more than moral contracts at the present time.

I will say, in respect to these booklets which I have here, I think they might be of some benefit to the commission; and then there is this other book which I have here, which contains the constitution and by-laws of the Printers' League of America. In that there is a speech by the Hon. Joseph J. Little, who was a Member of Congress, and was also president of the board of education of New York City. He recently died. That speech has some very pertinent remarks upon the questions that the Printers' League take up, and I will leave that for the benefit of the commission.

The ACTING CHAIRMAN. What date is the book?

Mr. FRANCIS. 1909. It was at the inception of the National Printers' League.

The ACTING CHAIRMAN. Have you published any annual report since that time?

Mr. FRANCIS. We have not.

The ACTING CHAIRMAN. You could furnish to the commission all of your printed matter?

Mr. FRANCIS. Yes.

The ACTING CHAIRMAN. And all of the statistics which you might have?

Mr. FRANCIS. I can give you the statistics of the rates of wages in the various towns and cities, if that would be of any assistance.

The ACTING CHAIRMAN. If we call on you you will be glad to furnish these statistics?

Mr. FRANCIS. Yes; I will be very much pleased to, because I believe it is necessary that the union end of labor and the employers get together, and I think they have got to get together through cooperation one with the other, and not through strikes or lockouts.

The ACTING CHAIRMAN. That is all. Thank you, Mr. Francis.

GENERAL.

TESTIMONY OF MR. J. E. WILLIAMS.

Mr. THOMPSON. Mr. Williams, I will ask you to give your name and present address and occupation to the reporter.

Mr. WILLIAMS. Mr. J. E. Williams. I am the mediator of labor disputes, chiefly, now. My home address is Streator, Ill. My business address is No. 1814, 200 Fifth Avenue, New York City.

Mr. THOMPSON. I believe you have had some experience in the field of arbitration. Will you state what your experience has been?

Mr. WILLIAMS. It runs back quite a number of years. I was a coal miner myself about 15 years, and was interested in labor matters. I graduated from that business into the newspaper business, and into the amusement and insurance fields. I kept up my interest in the labor matters. I have been called upon as mediator and arbitrator at different times. Recently I prefer to call myself a mediator. I find that to be a fitter title for the kind of work that I

do. In Chicago I am chairman of a board of arbitration. In New York City my title is chairman of the committee on immediate action. I have been an arbitrator for the coal miners and the coal operators in the State of Illinois for four years, and there I have been called an arbitrator. I distinguish very definitely between the two functions, and I suppose I have, in the early part of my life and along down, been functioning as an arbitrator. Latterly I am functioning as a mediator, with power to act.

The ACTING CHAIRMAN. With power to arbitrate?

Mr. WILLIAMS. With power to enforce my decisions, if I make any.

Commissioner O'CONNELL. If you reach what you consider a conclusion, and either side does not agree to it, you simply say that they shall.

Mr. WILLIAMS. Yes.

Commissioner WEINSTOCK. That is agreed to in advance by both sides?

Mr. WILLIAMS. Yes. If I may be permitted to explain, let me say that I do not think either side quite understood what the development was likely to be. I was taken in as an arbitrator.

Commissioner WEINSTOCK. What trades?

Mr. WILLIAMS. In Chicago in the men's clothing trade and in New York City in the cloak and suit trades.

The ACTING CHAIRMAN. Also in the coal trade.

Mr. WILLIAMS. My function there was more like that of an arbitrator.

Mr. THOMPSON. I will ask you to state, so that the matter may be clear, the machinery which you operate in. For instance, in Chicago, in the men's clothing industry, and there you actually are the chairman of the board of arbitration of three members?

Mr. WILLIAMS. Yes.

Mr. THOMPSON. Which has power to operate in the old-fashioned way if it wishes?

Mr. WILLIAMS. Yes.

Mr. THOMPSON. And in New York you are the third man on a board of three members, which, if it wishes, can operate in the old method?

Mr. WILLIAMS. Yes.

Mr. THOMPSON. That is to say, both sides leave it up to you and put the decision on your shoulders?

Mr. WILLIAMS. Yes.

Mr. THOMPSON. But what you want to say, or what you have said, is this: That while the machinery is such that you could act in your own personal capacity, your own method of acting is this, to bring about a mediation of the parties, always having in your hands the power to enforce a decision.

Mr. WILLIAMS. That is true.

Mr. THOMPSON. Taking first your own experience in the coal fields, will you give us a brief statement of the matters you have passed on as an arbitrator, and the arbitration machinery under which you have operated?

Mr. WILLIAMS. My first experience was a number of years ago, in which I had to pass on the general questions growing out of a strike. In that case it was a question of advance of wages and involved a prolonged investigation, and the finding was purely that of an arbitrator. Later I became the arbitrator under the present trade agreement of the miners in my State. In this case there were questions relating to individual mines, not general questions of wages, but troubles arising in the mines which came up to me and were adjusted in the fashion of an arbitrator, I should say, bringing in a decision in favor of one side or the other.

The thing is so very different in my mind that I almost share the feeling that has been expressed here by some of the employers against the old fashion. The old fashion contemplated that the person should act as if he were a supreme court. He should adopt the legal method; he should appeal to some kind of precedent or some abstract principle of justice or some view he might have on economic practices, and he would hand out a decision, perhaps, as somebody has said here, to protect himself outside of that compromise. At any rate, it was pretty certain not to be satisfactory; that is to say, if you gave in favor of one the other side would be dissatisfied.

Commissioner WEINSTOCK. You are speaking now of an arbitrator?

Mr. WILLIAMS. An arbitrator.

Commissioner WEINSTOCK. The old-school arbitrator?

Mr. WILLIAMS. The old-school arbitrator. I have practiced in that form, and it was never very satisfactory. I would say, though, that it might be capable of expansion in this manner: Suppose, as happens at a time of wage strike, if

the worker asked for more wages, the employer generally says he can not afford it; that the business will not stand it. That is, as I have found, the common plea—that he says competition will not permit him or the business will not warrant it. It seems to me that arbitration might be useful in that case if it were made a thorough-going investigation of the facts as to whether he can stand it or not. It seems to me if that were done and a complete exposé made of the facts, that such exposition, if thoroughly made, might be convincing. It might satisfy the workers that perhaps the advance was not justified. But rarely ever is that opportunity given. That means if the employer is told he must show us his books and accounts and entire business he may not take the attitude he has heretofore taken. I should say if we should take this step that perhaps this commission is designed to promote, of having State interference or regulation of trade, it would come to something after awhile like our practice in the public utility business. It would stand here to make an investigation of all the facts, and if it had power to contemplate what was a fair reward for capital at this time, how much would be necessary to keep it in business and to make adjudication based upon that kind of showing, it might be a good thing.

Commissioner WEINSTOCK. May I be permitted at this point to ask a question?

The ACTING CHAIRMAN. A question of definition but not of anything else.

Commissioner WEINSTOCK. I do not know whether my question will be exactly a question of definition; but the statement just made by Mr. Williams brings up this thought as to whether in his opinion the wage ought to be based on the cost of living of the worker or ought to be based upon the profits of the business?

The ACTING CHAIRMAN. Can you postpone that until he finishes his main statement?

Commissioner WEINSTOCK. Yes.

Mr. WILLIAMS. This is mainly for the purpose of trying to show the difference between the old practice and what I am going to come to next.

An arbitration of the old fashion might even be possible and useful where its researches would be of a kind that would shed light upon the whole question and tend to produce satisfaction between the parties. As I see the ordinary arbitration, it does not act that way, and the result, as has been shown here from many sides, is usually rather unsatisfactory.

If I may be permitted to go on in my own way I will just say that the kind of functions that are possible for a person acting between the parties may be perhaps naturally divided into two—the kind that belong to a business which has few internal changes within the period of the contract and those which are fluctuating widely from day to day. The first kind may include a trade such as the mining trade, where the things that may arise are so completely covered by the agreement as to details and precedent that they will adjust themselves with the machinery they already have, and only rarely will the arbitrators need to be called in. That is one form. The other type is an industry where there are constant variations, such as the clothing industry. I have been in New York now just one month trying this out. In that time we have had 506 complaints. Of these, 29 came up to this committee of which I am the head. The others were adjusted by the deputies. There, you see, are constant fluctuations. The price, instead of being made for a year or two years, is made for a day, almost, don't you know? The conditions are changing constantly. I think that this kind of industry offers in some respects a very much more favorable position for the mediators.

Commissioner WEINSTOCK. You mean in the fluctuating?

Mr. WILLIAMS. The first thing the mediator needs is to get the confidence of the people he is working with and for. It is relatively easy to satisfy the employer, because he has immediate access to it and he knows the business and there are few of him in number; while the satisfaction of the laborer is much more difficult. They stand at quite a distance removed from it, they do not understand the business, and it is hard to get their confidence. I may say here that it is my judgment that nothing is worth while that does not get the moral support of the worker. However much force you may put behind the decision, it would not get any distance in establishing peace unless you have the real assent of the people to whom it must apply.

The one in which the mediator comes in constantly daily contact and is passing upon the grievances of these people is the one that gives him daily opportunity to get acquainted with them. If he happens to decide against the

laborer to-day he will decide for him to-morrow, and there is a long enough period elapses for his personality to penetrate those men, so they may become acquainted. It is, therefore, possible for such an arrangement as that to work out what both sides desire, and that is stability, as has been suggested here, in the industry.

As has been testified here in reference to the Hart, Schaffner & Marx matter, we have in two years really had that result there. The people are working dally. Where there was a strike in some section nearly every day now it is very rare, a very rare thing, and the employers are able to count on steady production which, as has been suggested here, is of great value to them. We are just beginning in New York City, but we hope to have some such result there. There the sporadic strike is still a rather common occurrence. I think there were nine last month.

Commissioner WEINSTOCK. That is, in violation of their agreements?

Mr. WILLIAMS. Yes. The union has not yet—it has been suggested here, and it is quite true, that this union, however desirous they may be, and they are, more than we are, of enforcing their contract, they are unable to control these groups.

Commissioner WEINSTOCK. Why?

Mr. WILLIAMS. Because there is not sufficient spirit of discipline, and there is not sufficient confidence that justice will be given them by the commissioner. Commissioner WEINSTOCK. You mean there is too much individualism?

Mr. WILLIAMS. Too much individualism, and perhaps too much ignorance and lack of training and lack of knowledge.

Commissioner WEINSTOCK. So that a man has to be educated to become a unionist, as well as anything else?

Mr. WILLIAMS. Undoubtedly. That is the most important part of the educational scheme—getting people to participate in the business of self-government through the union, and these people have a great deal of it to do, instead of, as in the case of the other organizations, where there are a few people who attend the meetings and run the whole business. It has a more beneficial effect where they are being educated constantly through their problems.

It goes without saying, of course, that if a man is endeavoring to administer that sort of proposal, that man has got to be a thorough believer in unionism. He is not disinterested or impartial in that sense at all. He must see to it that his decisions and the measures that he takes are calculated to strengthen the organization and make it as such more efficient. They must believe that the mediator is going to further their purposes by giving a strong union. Without a strong union the whole thing will amount to nothing, because we need a strong union to get the decisions enforced. A union—or a man who is at the head of a lot of guerrillas, undisciplined, he is unable to make them do what they do not want to do; but if you give him a strong union he can always bring the small group to terms; so that the first consideration must be that he is their friend, and he will see that their union is protected and made strong, and if he is there long enough he will have time to impress them that way; but if he just makes a decision this year and then goes away and does not come back until another year, or maybe doesn't come back at all, he is not likely to make them believe that the thing they do not like is a good thing for them.

As I say, this has been largely a development; it just grew out of the genius of the situation. We started in to arbitrate in Hart, Schaffner & Marx, perhaps in the usual way, and we developed from that into this way of doing it, until now frequently we do not have as many as three arbitrators sit. Most likely, if it is a case involving an investigation in the factory, a motion will be made that the chairman will make a personal investigation on the spot and decide it; and with two clerks he goes into the shop, and perhaps he will hear testimony right there and decide it on the spot, in the shop.

Commissioner WEINSTOCK. Do you still operate in Chicago?

Mr. WILLIAMS. Yes.

Commissioner WEINSTOCK. You swing between the two cities?

Mr. WILLIAMS. Yes.

The ACTING CHAIRMAN. When you speak of the clerks, what do you mean?

Mr. WILLIAMS. The clerk is the name given to them in New York, and the working head of the union. He is their representative to adjust difficulties, and represents the union.

The ACTING CHAIRMAN. He has practically the power of this board of arbitration?

Mr. WILLIAMS. Yes; in New York.

Commissioner WEINSTOCK. He is what they call in Australia a "cessar?"

Mr. WILLIAMS. In Chicago they give him the name of chief deputy, but it means the same thing.

Commissioner WEINSTOCK. You say you go by yourself?

Mr. WILLIAMS. With the two clerks.

Commissioner WEINSTOCK. You go there with them?

Mr. WILLIAMS. I can go there without them, without the other two members of the board of arbitration.

Commissioner WEINSTOCK. And the clerks in that case that you take there, would be what?

Mr. WILLIAMS. In New York they call them a committee of immediate action, but in Chicago they go as two deputies with the chairman of the board of arbitration, but, any name, the effect is the same.

The ACTING CHAIRMAN. As a matter of fact you, as chairman, do not go by yourself?

Mr. WILLIAMS. Not in that sense; no.

Commissioner WEINSTOCK. You are the only one that has a voice?

Mr. WILLIAMS. I mean the other two members of the board do not go. You know in Chicago we have three members of the board of arbitration—myself and a member chosen to represent the workers and one chosen to represent the employers.

The ACTING CHAIRMAN. I understand that it is the case in New York, that you call these members clerks instead of deputies?

Mr. WILLIAMS. It is not the same, because in Chicago, for example, we have three men—Mr. Thompson, your counsel here; Mr. Carl Meyer; and myself. We are the board of arbitration. When we sit in state, we sit in a sense as judges. But, as I say, in many instances, perhaps the majority of instances, Mr. Thompson and Mr. Meyer will say, "I move that this case be taken up by the chairman in person and that he visit the factory and get evidence and settle it." Do you see? They two do not go, but the chief deputy on each side does go.

The ACTING CHAIRMAN. Then the action there is strictly the old line arbitration?

Mr. WILLIAMS. Theoretically, it was intended to be that proposition, but practically it is not that at all.

The ACTING CHAIRMAN. You do not act as mediator to get the two sides together?

Mr. WILLIAMS. Surely I do.

The ACTING CHAIRMAN. No; they delegate it to you, to go and do it yourself?

Mr. WILLIAMS. That is still the theory. Let me say—here is Mr. Howard here, who is chief deputy for the employer, and Mr. Hillman, chief deputy for the working people. We go there, and they call out the chairman of the shop where they have trouble. Maybe it is a discharge trouble, or maybe it is a price trouble, or some other question—some discrimination charge, or unequal distribution of work. Well, you go to the shop, and the foreman is brought out, and the foreman of the shop is told to bring out the workers, and the chairman calls out the section particularly affected. They appear before us, and they testify. Then the three of us consult, and we agree about what is the best way of dealing with that particular situation, having regard for all issues involved, and we rarely fail to agree. You understand, we try to find a way that satisfies the interests of both parties.

The ACTING CHAIRMAN. As a matter of fact they do not leave to you an independent investigation; you have two people, under whatever name you call them, representing the two sides, going along with you?

Mr. WILLIAMS. Yes.

The ACTING CHAIRMAN. And those two people agree, and their agreement is your opinion, too?

Mr. WILLIAMS. Yes.

Commissioner WEINSTOCK. But supposing you differ from the other two. Then what?

Mr. WILLIAMS. Well, I am always sure of a majority, because I shall be for one or the other, you know, and you can always get two, whichever side it will be on.

Commissioner HARRIMAN. But suppose they are both alike?

Commissioner WEINSTOCK. I suppose there is such a thing as two of them having one point of view and you having another? Then what prevails?

Mr. WILLIAMS. Nothing like that has ever happened; it never has happened. I do not know just what we would do.

The ACTING CHAIRMAN. Did you ever make a decision in which one side agreed with you and the other dissented?

Mr. WILLIAMS. Yes.

The ACTING CHAIRMAN. What do you call that?

Mr. WILLIAMS. We just write it down as a decision and it goes.

Commissioner O'CONNELL. The other two, then, do agree with you?

Mr. WILLIAMS. There are some cases—there are some of our decisions in New York with only two signatures.

Commissioner O'CONNELL. And do they proceed to carry out your decision in that case?

Mr. WILLIAMS. Yes.

Commissioner O'CONNELL. Therefore they agree with you?

Mr. WILLIAMS. They do. It has been known that they filed a protest and asked for a rehearing.

Commissioner BALLARD. Have you ever been overruled?

Mr. WILLIAMS. You see I am the ultimate court in Chicago.

Commissioner WEINSTOCK. A supreme court. Have you ever overruled yourself?

Mr. WILLIAMS. I do not know; I have reheard cases, but I do not remember that we have changed it very much.

In New York the situation is different. This committee on immediate action takes up cases on the spot and passes on them. It would be possible there for them to be appealed to the board of arbitration, of which Mr. Brandeis is chairman.

Commissioner WEINSTOCK. Then you are not the final court?

Mr. WILLIAMS. Not there; no, sir.

Commissioner O'CONNELL. Are you employed by both sides?

Mr. WILLIAMS. Yes.

Commissioner O'CONNELL. Paid by both sides?

Mr. WILLIAMS. Yes.

Commissioner O'CONNELL. Is that the case in Chicago, too?

Mr. WILLIAMS. Yes. The difference is this, that the way we are actually pursuing it is more like a commission; the other way is more like a court. The commission plan takes account of the actual situation; it does not much refer to abstract principles of justice or statutes or any laws that have been made, but we find that actually there is a line of interests that are common to both; the action is rather that of discovery, of contrivance or invention to find a practice which will serve the interests of both sides. Of course you have the faith that there is such an interest; then your ingenuity and all that will be exercised to make those interests run parallel. So far it has been possible—it has been possible in many cases in such a way to avoid these recurring strikes, as I told you, to find that there is an interest that is not antagonistic, that there is enough to be gained by both sides, so that it is worth while to do it.

On the side of the company we seek to find a line that will give them efficiency, help their productiveness, give them stability, regularity of employment, and freedom from this everlasting danger of interruption by strikes. That is worth a good deal to them, and they are willing to pay for it; they are willing, if they are sure of getting it, and they are able to grant it, because they are made more effective, productively, by reason of this steadiness of employment, and they are ready to give some of it to the people by giving them advantages; whereas, if they were in a hostile state, they could not afford to do it.

So that it is possible to make it pay on both sides. I do not say that the line of parallel interests will continue indefinitely; there will come a time, probably, when the general question of how to divide the earnings of the business will come up, and it is quite possible that, if the employer was making 10 per cent, the workers would say "That is too much for you; I think 8 per cent is enough for you, and we ought to get the rest." That is something that can not be mediated, if they hold that position strongly. Perhaps, it could by arbitration; but only in the way that I have indicated—by showing what there is to divide. A strike might cost the company \$100,000, while to give the advance might cost them \$700,000, and they might prefer to do it. You can not eliminate that ultimate conflict of interests at that point, even by this method I propose, but those cases come rarely, while these other causes of trouble—grievances, complaints, and interruptions—are con-

tinuous, and it is worth everything to an employer to get rid of those; and it is surely as profitable to the workmen. It is on this particular line that we have developed within the last few years, and that is what I feel myself, most competent to speak on, because it is the line I have had most to do with. I think you have had the testimony from the Chicago firm—that it has been very successful. In New York it has yet to be made a success.

Mr. THOMPSON. Will you state, so that the commission may understand, the machinery which is now in existence in New York for the adjudication of disputes, starting where you think best, to explain it?

Mr. WILLIAMS. This, too, is a development. I think about two years ago there was a great strike there. After that the protocol was formed, which is just a trade agreement. They foresaw this continual grievance, and they tried to provide for that, so they appointed a grievance committee—which should be a court of first jurisdiction—composed of a number of persons from the employer and the employee. If they should fail to agree, then there was recourse to this board of arbitration with Mr. Brandeis as chairman.

The ACTING CHAIRMAN. Who were the others?

Mr. WILLIAMS. Mr. Hamilton Holt and Mr. Weyl of New York.

The ACTING CHAIRMAN. Not in the industry?

Mr. WILLIAMS. No; I think they were all outside of the industry. I am speaking from hearsay, of course, because it happened before my coming; but I am told that the board of grievances—the commission—did not dispose of the cases fast enough, and it was charged, on the part of the union, that they were allowed to accumulate.

Nearly all of the complaints arise from the union, so that the failure to adjust a complaint was like deciding against the union. The number of the cases accumulated, and the union became more and more dissatisfied; they demanded that there should be an umpire, that there should be somebody to cast the deciding vote on that board. That led to fierce controversy in which several good men went down, and it very nearly ruptured the protocol and cause a general strike; but, perhaps, the sacrifice and devotion of some of the members in it—they resigned; they got out of the way—so that it would be possible to get the human element out of the way and permit the protocol to go on.

It was then changed to this plan that I have suggested, and the employers consented to have an impartial man, but with this change, that instead of this impartial man being at the head of the board of grievances that he was only to be one of three, and two clerks and himself, who should act as this committee, so that the board of grievances becomes a consultative body now and is now in active use for the adjustment of grievances.

It has a force of about a dozen or 15 deputies, who go out into the factories and first hear the complaints, and then, if they can not agree, they are referred to this committee of three, who have the final decision.

The ACTING CHAIRMAN. That is, a deputy from each side?

Mr. WILLIAMS. Yes.

The ACTING CHAIRMAN. Then, do you go to the two chief deputies next or to this committee on immediate action?

Mr. WILLIAMS. I think that was the original intention, to have the two chief clerks agree on it, but when I went there and asked how to do it, I said, "I will not wait until you disagree; I will go right with you into the factory, and we will go together and we will agree together," and this is the way I have done it; and thus far, permit me to say for your information, there has been no occasion as yet for the chairman to cast the deciding vote. We have been able to agree unanimously in every case.

Mr. THOMPSON. In regard to appeals, where do they lie from the decision of this board?

Mr. WILLIAMS. They lie to the board of arbitration.

Mr. THOMPSON. To the board of arbitration?

Mr. WILLIAMS. Yes.

The ACTING CHAIRMAN. Where do the chief clerks come in?

Mr. WILLIAMS. There are three members of the board of immediate action, and the two chief clerks and myself are that board.

Commissioner WEINERSTOCK. In New York the clerks are members of the board. In Chicago they are not.

The ACTING CHAIRMAN. I do not quite understand. There are quite a number of clerks?

Mr. WILLIAMS. Deputy clerks. There are two chief clerks and there are 12 or 15 deputy clerks.

The ACTING CHAIRMAN. Do you always meet with the chief clerks?

Mr. WILLIAMS. Yes; always.

The ACTING CHAIRMAN. And not with the deputy clerks?

Mr. WILLIAMS. If the deputy clerks can agree, that decides it. There were 550 complaints last month, and the deputy clerks settled all but 19 of them.

The ACTING CHAIRMAN. And you took up those 19?

Mr. WILLIAMS. Yes; as I say, we agreed unanimously on those 19, so that we have had no conflict of opinion there yet.

The ACTING CHAIRMAN. This board of grievances still remains?

Mr. WILLIAMS. It still remains. There will be use for it, but its old function has passed.

The ACTING CHAIRMAN. Have you referred anything to that board of grievances?

Mr. WILLIAMS. Let me see. I think we had them together on some questions which we were not clear had been decided previously. We asked them to agree on some plan for adjusting certain things.

The ACTING CHAIRMAN. In that case did you consult with the board of grievances?

Mr. WILLIAMS. I think we will find a use of that kind for that board.

The ACTING CHAIRMAN. You would there be also a kind of mediator with the board of grievances?

Mr. WILLIAMS. In the last meeting I did not open my mouth. They did all the talking, so that I could not mediate very much.

The ACTING CHAIRMAN. But in case they split, or there was a deadlock, you would be called on?

Mr. WILLIAMS. No; I do not fancy that I would have a deciding vote there. This is still forming.

Mr. THOMPSON. I might say for the information of the commission that this board of grievances in New York has not been changed at all. It still consists of just 10 members, and under the agreement as made, under the protocol Mr. Williams only sits as chairman of that committee of immediate action, and as Mr. Cohen said yesterday as to the board of grievances, at the time we made this amendment to the protocol, it was understood between the parties practically that this board of grievances should be retained, and it is retained by the protocol, and that it would do actually legislative work. For instance, if there was need for some new agreement. Suppose that in the further working out of the protocol it is necessary to make some provisions, or say the union people insist that certain provisions ought to be made; they could not bring it up to the board of immediate action, because they have no legislative power, but they would bring it up to the board of grievances because they have power to legislate, and when that decision is not satisfactory to one party or the other, they have their appeal to the board of arbitration. The board of arbitration is the last place, the last resort of the parties. Suppose the business men should consider that the board of grievances and the board of arbitration had saddled on them a thing which could not work in a business way, which would mean destruction; they have a right at any moment to terminate the protocol and say, "We do not want it."

Is that all you want to say now, Mr. Williams?

Mr. WILLIAMS. I am ready to answer anything you want to ask me. I have this in mind that I would like to emphasize: what my experience seems to teach me is that it is not a question of machinery so much. You want enough machinery to do your work, but it does not so much matter what it is. What you want to do is to give effect to the human spirit. For instance, there should be some influence, some purpose, somewhere in the relations of employer and employee to serve the social end. Now, neither of the parties, each of them having their keen, pressing conflicting interests, are likely to regard that. We need the creation of some new force or institution that will stand there to say, "This is for the social end, something to represent that idea, so that you will not be able to make ducks and drakes, in your passion, of what really is of public concern, of public interest." The thing I think we are doing is that we have the nucleus of that sort of thing. It ought to grow stronger. I feel the necessity, even in New York, there now, with its rather scattering and fragmentary and conflicting interests, that there should be a central power, a sufficient body of influence, of moral pressure, so that if they became keen to rupture this thing and blow it up, there would be sufficient power to say, "You can not do it." There is an interest that is different from your interests. There

is the interest of the protocol itself that we will not permit you to wreck. We will not let you make this experiment fail, if we can help it." This is rather incoherent, it is rather formless, but it is a thing which I think rather needs to be built up. There is a need of something that stands to represent the public interest that is between these parties, and we must infuse that spirit in them from time to time, that they are working for a bigger thing than an increase in wages, or an increase in profits to employers; and this is a new function, and therefore I am laying stress upon this thing as the beginning of a new medium here, a new public function.

Commissioner WEINSTOCK. I should like to repeat my question which I presented a little while ago. In your judgment should the wage be based on the profit of the business or on the cost of living to the workers?

Mr. WILLIAMS. Of course, if I am obliged to answer and say one thing or the other, I should say that it must afford the American standard of living to the worker, that is, whatever the current standard may be. It ought to do that. If it can not do that, if we are forced to that, if we can not mediate and help to bring it up from time to time, it might involve the destruction of the industry, or that particular trade, and I should hesitate about making a rash application. But if I am obliged to choose between those alternatives, I should say that the worker must live, and live according to the American standard.

Commissioner WEINSTOCK. Then, you take the cost of living as the basis rather than the earnings of the business?

Mr. WILLIAMS. I would say, as between the two, it might be that the industry would not be able to yield the American standard of living to-day, but if you nursed it along a little while it might do so next year. I would not want to adopt any rash and arbitrary measure.

Commissioner WEINSTOCK. Then, you would say as a rule you would take the cost of living?

Mr. WILLIAMS. Yes; and we would modify that by the conditions.

Commissioner WEINSTOCK. Assuming that the parties had taken the cost of living as the basis and had fixed the wage accordingly, and then the profit of the business increased, it increased in prosperity and the earnings of the business increased, would it be equity, in your judgment, to increase the wages proportionately?

Mr. WILLIAMS. These are more or less economic questions. I do not know that I am fully clear on it. I should be generally in favor of any arrangement that would make the workman a partner in the business. I mean that the ultimate of trades-unionism is copartnership.

Commissioner WEINSTOCK. You mean profit sharing?

Mr. WILLIAMS. It might be by agreement and it might be they would say "You can afford to pay us more and you ought to pay it." At the same time it might be with regard to the conditions of the business; he might be able to pay it this year, and it might be that he would lose a lot next year. I should think we might meet that when we came to it.

Another thing would be that the cost was put on the consumer and the consumer should be regarded.

Commissioner WEINSTOCK. I think your point of view is very important in this thing, because this is really a basic wage. Summing up, then, I gather that your opinion is, again, that the basis for wages should be the cost of living modified by the conditions existing in the industry?

Mr. WILLIAMS. If a business can not be conducted in this country to yield the basis of living it had better be done in some other country where it can.

The thing that I wish to make my contribution, however, is this. It is not for the worth of my opinion about any ultimate problem, or that I would feel competent to describe the ultimate solution. This is merely tentative, and goes to the next step of the industrial problem. That next step must be by trying to establish cooperative relations between the employer and the employed with this mediating body, whatever you choose to have it, so that you may assure to the workman that his economic rights shall be maintained, his human rights shall be regarded, and that he shall be put in a position of such knowledge as will let him know, so that there will be sufficient publicity so that he will know, what share he is getting.

Commissioner WEINSTOCK. That question I put to you is a question that is perplexing the minds of the greatest authorities on labor problems, the world over. For example, in Australia the basis there is that the worker must be

afforded a living wage, and that if the industry can not pay that living wage it had better die.

In England, talking with Lord Asquith, his statement was that while we must not lose sight of the living wage, yet on the whole he felt that it was better to afford to many people half a living than none whatever; it was better that they should make a partial existence than become totally dependent upon society; so that there you have two very opposite points of view from two great authorities.

Mr. WILLIAMS. I should say that is very easily explained. Lord Asquith is in a country which already has its population and its means of wealth production, and their ability to produce might be able to yield there three or four hundred dollars a year, when it might not yield \$1,000 dollars, and it is a question of how much they should be allowed to get out of industry. He takes the political view of it and he feels like keeping England up to its fighting strength; but we have not those problems here. He might properly take that ground as a statesman, while here we not having to face those problems, might more easily yield to the other view of it.

The main thing is to bridge this chasm that has been referred to in this country at this time, and establish cooperative relations between the two parties, and interpret them to each other, so far as the conflict is due to a total misunderstanding—to imagining. Why, the most prolific cause of unrest and discontent among the working people is vain imagining. They think that the employer is making a lot more than he is, often; they think that he is bent on oppressing them, crowding them down and out, and that he is hostile to them—and he is, sometimes, fearing that they are going to destroy his business. Now, it is possible to remove those sources of unrest and friction, and the machinery that I have indicated this morning and the spirit that I have tried to give out is thus far the result of my experience in just that little province.

Commissioner WEINSTOCK. May I put the same question to you that I put to Mr. Francis a while ago: What do you think is the missing link between capital and labor?

Mr. WILLIAMS. You imply in your question that there is a missing link, of course.

Commissioner WEINSTOCK. The fact of strikes and lockouts is the proof of it.

Mr. WILLIAMS. I should say that I am the missing link. [Laughter.]

Commissioner WEINSTOCK. You are evidently a believer in the Darwinian theory.

Mr. WILLIAMS. Not retrospectively. [Laughter.] What I mean is that you have got to have a bridge, a nexus, to connect the interests of these two sides. Fundamentally, while not identically in the popular sense, there is there a community of interest which an ingenious mind, an inventive mind that wishes to find it, can find; he can discover it, and he can so display it and make it clear to both sides that they can see it, and many of these things that cause most of the trouble can be eliminated in that way; and you need not only the conciliatory link that you see before you now, but you need the development of that idea and ideal until you get a body of influence working in the direction of correcting these obvious abuses and bringing the two people together, finally resulting, sometime, in a clear understanding of what the partnership is and what share each is to get. I think really it is possible in a degree to approach the end that the socialists have in view without revolution. I think you can pass right through the stage we now have into the stage whereby the workman will know what state the business is in and will know whether he is getting a share of the profit comparable with what is ideal, or what he may think he ought to have.

Commissioner WEINSTOCK. Do you think, then, in these large enterprises it would be wise and expedient for labor to be represented on the board of directors by voluntary action of the capitalists?

Mr. WILLIAMS. I would not say what form it should take. I should say that result should be secured; that they ought to know about the business.

I think there is another very important addition that must be made, and that is, that the workman must need to know that in a large measure his wages come out of the wages of other people; that is to say, a man in the clothing business, if he is able to force up the price of a suit of clothes from \$20 to \$25, must know that in the main his fellow workmen pay for it. One of the important questions to be settled, as we proceed in this line, will be how much ought the common laborer to get when you say the builder gets \$5 a day. What is the relation as between laborers and their earning power? What shall the

unskilled laborer have? What shall the skilled laborer have? It seems to me, when the American Federation of Labor comes to their own, it will be a court where there shall be an adjudication of the relative scales of various men in its employ, and it will say to somebody who simply has a monopoly of the power and is able to force up prices to \$6 or \$7 or \$8 a day, and strike if it is not done, "No, you can not do so. You are getting now more than your share." There must be an adjudication as between workers of their share of the common earnings, and then an adjudication as between employee and employer as to their respective shares.

Commissioner WEINSTOCK. Would you regard this as a fair way to arrive at these differentiations in wages—that is, the method pursued in Australia? In Australia they take as the base the unskilled laborer. They determine what that unskilled laborer can live for in decency, and from that they build up, paying the skilled workers the usual differences as shown by past experience, between the unskilled worker and the skilled worker; and for the laborer on a building, and the carpenter and brick mason on that building, they maintain as nearly as they can the ratios established by past experience, taking the unskilled laborer as the basic factor.

Mr. WILLIAMS. As to the way in which you would do it, I have no right to have an opinion, but that it should be done I have none. I think rather that kind of a division should be administered by the trades themselves. The should stand there and say to each other, "You must be fair, and because you have the power over here, and because you have a strong union on the one hand, and these poor day workers have not any union, you can not hog it all." That is to say, you recognize what the I. W. W. is clamoring for—that the aristocratic unions shall not take the cream off of the thing and disregard the rights of the workers that are not so well organized and have not so much power to compel their rights.

Commissioner WEINSTOCK. Would you restrain the strong unions for the protection of the weaker ones?

Mr. WILLIAMS. I would rather have them restrain themselves. I think it could be done by a congress of labor, managed by some such organization as the American Federation of Labor.

Commissioner WEINSTOCK. Were you here the other day when Mr. Briggs testified?

Mr. WILLIAMS. No, sir; I was not.

Commissioner WEINSTOCK. Mr. Briggs represented the employers in the metal trades. He took the ground that as the result of his long experience and observation, unions were not desirable for the workers themselves; that he thought they could fare very much better under a system of individual bargaining than under a system of collective bargaining. What is your judgment on that point?

Mr. WILLIAMS. I have no sympathy whatever with that view.

Commissioner WEINSTOCK. You have not?

Mr. WILLIAMS. None whatever. I am not an individualist, and I do not believe they would fare as well in any way. Trade-unionism is the greatest educative force that we have. It is through their unions the men become intelligent in the things they need to know most about. It is the best school of ethics we have. Even at its worst, it compels one man to subordinate his individual greed to the interests of the group. Even if it is a predatory group, at least there is that much in it. In the main, the trades-union affords the men the most practical school we have now of social and industrial and ethical principles.

Commissioner WEINSTOCK. I take it from your point of view, if unionism were wiped out in this country it would be in the nature of a calamity?

Mr. WILLIAMS. Undoubtedly. What we want is more unions and stronger unions. They gain responsibility in number and power. It is the weak union, the one in which the leader must fuse his people, that you have the most danger of, and the most trouble from. It is an unfortunate part of our human nature, applicable to unions as well as to churches, that the thing that will enable men to fuse into a body or group is the jingo spirit. If the Protestant Church goes for the Catholic Church, it is done by a feeling of hostility, of getting them to stand for their rights. If a union starts for any purpose, the easier thing to get them to rely on is that idea that they must make war on the employer, which has been unjust and unfair; and so this common psychology which we have makes that the easy way to get this thing done; that is, fuse a body together for any one purpose. The danger is they will never get past that

stage. They certainly will not if they are weak. When they get large and strong, they get a sense of responsibility to other people. There is a passing into the second stage, which is that of wanting to cooperate in production, of having the one got rid of, and of developing a social sentiment and ethical sense of justice.

Commissioner WEINSTOCK. Is there any sympathy between organized labor generally that is represented by the American Federation of Labor and the I. W. W., for example?

Mr. WILLIAMS. I can not speak with any authority on the subject.

Commissioner WEINSTOCK. Are there any I. W. W.s in the organization with which you have been brought in contact as mediator?

Mr. WILLIAMS. I do not know whether there are any members or not. Of course, wherever you find that refractory spirit, that unwillingness to submit to discipline, you have what we have been associating with the I. W. W. idea; but the I. W. W.s would not be very different from the other people if they had a proper organ of expression. It is just that sense of futility of their lot, of their means of action, that makes people resort to these measures of force. If they had a proper organ of expression, the I. W. W., just as soon as they get big enough and strong enough, will develop conservatism.

Commissioner WEINSTOCK. The radical of to-day would become the conservative of to-morrow?

Mr. WILLIAMS. That is history.

The ACTING CHAIRMAN. Mr. Ballard, do you desire to ask any questions?

Commissioner BALLARD. Mr. Williams, you spoke of working in Chicago and working in New York. You said you are also connected with the mines of Illinois?

Mr. WILLIAMS. Yes, sir.

Commissioner BALLARD. Have these systems of mediation and conciliation and arbitration been as fortunate in mining as in other places?

Mr. WILLIAMS. The mining industry is one of those trades in which the kind of complaints liable to arise have been so standardized, have been so much the subject of regulation and rule, that the kind of mediation that I am testifying about is not applicable there. There have been so many precedents that they are able to adjust them without difficulty or without calling in an outside party, very frequently.

Commissioner BALLARD. In the development of the principle of conciliation and mediation which might be national in its character, do you feel that if the various labor organizations should appoint a committee, and the various employers should appoint a committee, they might, eventually, together draw up a declaration of principles which might be accepted by all the employers and by all the employees as fair and just and workable?

Mr. WILLIAMS. You are asking for just an opinion, and my opinion would be that you could not be very democratic about it. You would have to get the workers to believe in it. You might get such as the I. W. W. people now, a lot of people hostile and rebellious, and they would not want to help make it go. They would rather believe in fighting. If you wanted a conference of people of that kind, you would need to get the people that knew about it and believed in it.

Commissioner BALLARD. You think if they did formulate a declaration of principles which might appeal to the good sense and good judgment of the public generally, that would have some influence?

Mr. WILLIAMS. I think it would be a good thing to make an effort to get representation in any conference you might have of both sides, so it would carry that weight. I know in my State we had the mining laws to revise last year. The governor appointed three men from the employers and three men from the employees, and appointed three outsiders, of which I was one. It turned out we were about the only ones that did much. We codified the laws of the State and revised them, and they were passed without discussion by the legislature, and they are now the laws of the State.

That was one of the applications of that idea in Illinois.

Commissioner BALLARD. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Delano, do you desire to ask anything?

Commissioner DELANO. Mr. Williams, we have been trying to find out in these hearings this week what kind of collective bargaining is successful and what kind is unsuccessful, and why; and what kinds of conciliation and arbitration are successful and what kind are unsuccessful. You have brought out some of the points. I do not know whether you have said everything you

want to say on that proposition. I particularly want to get your idea on this matter of the umpire or referee to cast the deciding vote. As I get your point it is that the longer a man serves in that capacity, the better it is understood by each party, and the more willing each party is to accept the casting vote of that individual, and that perhaps the reason why the umpire has been unsuccessful in some cases is that he has only acted in one case and then dropped out, and that sort of arbitration or casting a vote results unsatisfactorily and results simply in a compromise, which is more or less unsatisfactory.

Do I understand you correctly in that?

Mr. WILLIAMS. I think so. I would say that the work is actually a work of construction. When these three people get together and find a problem before them, it is much like a problem a scientist might have, or any other problem of law or ethics. It is a question of what is the best solution, taking into account all the factors in it, and having regard to all the interests involved. The employer would say, "I would like to do that, only I am in danger of having this thing follow: There will be less discipline, or maybe something else." Then they say, "How can we give the men what they want and yet protect you? What kind of a contrivance can we make?"

When you get all the factors of the problem and get three fairly good heads together, you will find a very different solution of the problem that will take care of the interests of all of them in that problem. You can not refer to any abstract rule or decision, or anything that is behind you. You have to make a construction. That is especially true with regard to these industries where difficulties are constantly arising and conditions are varying from day to day.

Commissioner DELANO. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. O'Connell, do you desire to ask anything?

Commissioner O'CONNELL. Nothing.

The ACTING CHAIRMAN. Mr. Lennon?

Commissioner LENNON. I want to ask just one question, I believe. I understood you to say, Mr. Williams, in order to minimize evils of industrial conflicts, you consider it necessary for a new force to come in, or a force that we are just beginning to think about, for the social good. Do you believe it is possible, by the organized State, to intervene by means of legislation in such way as to promote this new force of social good to minimize these evils?

Mr. WILLIAMS. I should say yes; although I would not be able to describe just the way. The handicaps at the source are of course obvious to you. With our present political situation, you would readily see the handicap a man might be under who came there even with the best intentions. Let us say I have built up a fair reputation and want to serve these interests where I am. If I go into a strange city as a commissioner from the Government I would be met with the thought at once: Here is a politician; here is a fellow that has a pull and has an office. I think that would be impossible, in the main. That would be, as I conceive it, about the heaviest handicap he might have.

Commissioner WEINSTOCK. He would be immediately discounted?

Mr. WILLIAMS. He would fail to get his confidence which is indispensable to success—that belief of the workman that he is going to get a fair deal is an indispensable condition for the success of the mediation.

Commissioner LENNON. Do you believe that would be within the province and right of the Government, to institute a council or commission, no matter what it is called, that would make a real, intensive, scientific study of different industries so as to have the detailed information at hand upon which to base wages and those things?

Mr. WILLIAMS. That is what I suggested previously. I believe that what the Government might do would be to institute some sort of commission that would have the right and have the power to go in and remove the grounds of misunderstanding and misinformation that men might have as to the profits of the employer; that they could go in and make a complete showing, so that the worker would not be thinking all the time that the employer is making mountains of money, and he was not getting his share. They would have the power to do that, and could at least do that much. That would stop a great many strikes, I think.

Commissioner LENNON. You feel, I judge from the expression which you made, exactly as I do—that the principal cause of unrest, and I mean this in a general sense, is because people do not understand each other?

Mr. WILLIAMS. I have found that is true in a very large measure.

Commissioner LENNON. And if men want to serve society the best thing they can do is to endeavor to get the people closer together and strengthen the human touch?

Mr. WILLIAMS. Yes.

Commissioner LENNON. That is the reason why you gave expression to the idea that the mediator in order to be successful must get the union's confidence, that he wants to serve them, not only as to decisions, but wants to serve them in order to strengthen their organization?

Mr. WILLIAMS. Yes, sir; unquestionably. I do not believe the unions would have any confidence in a mediator that did not accept that as a fundamental thing—that he was there to help make their union strong.

Commissioner LENNON. I wish we had time, because I would like to ask something about the Cherry mine disaster.

Mr. WILLIAMS. That is another case of mediation.

Commissioner LENNON. Yes; I know it was.

Mr. WILLIAMS. I will only say that in the Cherry mine disaster the efforts of mediation resulted in preventing a lawsuit involving a great number of claims, and the company recognizing a moral liability to pay out half a million dollars, which they did.

Commissioner LENNON. That is all.

The ACTING CHAIRMAN. Mrs. Harriman, do you desire to ask any questions?

Commissioner HARRIMAN. Mr. Williams, I understood you to say that you believe unionism is the greatest moral and economic educator of the worker. I wondered if you had any explanation why unionism is spreading so slowly.

Mr. WILLIAMS. No; I have never thought of it.

Commissioner HARRIMAN. The statement has been made here that less than 8 per cent of the workers are organized.

Mr. WILLIAMS. I would not have supposed it was so small.

Commissioner HARRIMAN. Some one else said it was less than 10 per cent, but it is not larger than that, I believe.

Mr. WILLIAMS. Of course, I did not mean it with reference to the magnitude of the problem; but I mean that for those who go into the unions it is the greatest educator to-day; it is the greatest democratizer that we have.

Commissioner HARRIMAN. Granting that is so, I wondered if you had any solution.

Mr. WILLIAMS. I should think that this publicity that we get through this means would help greatly. There are many large employers that stand against unions. Some of the largest of our corporations will not have them. They say they are afraid the unions will destroy their business or injure them. They will not give the power to anybody else to interfere with their business, if they can help it. Very rarely does an employer come forward and say, "I want a union," de novo. Then, you generate this heat that is the fusing power to get organization. We have a case in the copper country, and it has been suggested I should go up there. I declined for the reason that from my information and belief, I believed the employers would not consent to it. They would not transfer their power—and that is what it means. They would not part with their power, and nothing but compulsion would make them do it. It is not the place for a mediator. That is the place for fighting. Nothing but fighting will ever compel those people to do it.

Commissioner WEINSTOCK. The side that has the biggest stack will win out?

Mr. WILLIAMS. Very likely.

Commissioner BALLARD. Why should they be so opposed to it?

Mr. WILLIAMS. Because unquestionably unions have been mismanaged in the past, especially young unions. They fear their business would be interfered with and injured, and perhaps they may think in that business it would cost them more, and their profits would not be so big. I do not know the facts in the case.

The ACTING CHAIRMAN. Some question was asked in regard to your idea of what either the State or the Federal Government should do by way of a commission of some kind. Would you give that commission any compulsory authority or power? I am just now getting at the general view, based on your knowledge, as to what appears to you to be the extent to which we could go in recommendation.

Mr. WILLIAMS. I have not earned the right to have much of an opinion on that. My impression, offhand, is that with my feeling of the reluctance with which the workmen would accept a compulsory decision and feeling of impossibility of enforcing that decision upon the workman, I should be rather hesitant, don't you know, about adopting compulsory power for decisions.

The ACTING CHAIRMAN. For present purposes, at the present stage of the game, you think that would not be wise?

Mr. WILLIAMS. As I say, my opinion is not worth recording.

The ACTING CHAIRMAN. Suppose you take the ground next that it should have only advisory or only mediating power, the question then would be—you expressed the opinion that persons on such a body having the reputation of being politicians would not be useful as mediators.

Mr. WILLIAMS. That is the handicap we suffer under, of course, for being the kind of politicians we are. Perhaps you could reform it so as to put the politician into good repute, but at present it is more or less discounted.

The ACTING CHAIRMAN. Have you any idea why it is that that kind of people do get into control of these bodies?

Mr. WILLIAMS. They do not always; I am ready to admit that this body here is not.

Commissioner WEINSTOCK. This body is not what?

Mr. WILLIAMS. Composed of politicians.

The ACTING CHAIRMAN. This body is a temporary body, and it goes out of existence, and it can not be considered a mediating body; but why is it, taking it from a little different angle, how is it possible to select this missing link, this competent mediator, of whom we have as yet found very few? I think you are perhaps the first witness that has appeared before us that we could identify.

Mr. WILLIAMS. Thank you.

The ACTING CHAIRMAN. Now, it looks as though he has had to go through a period of training, he has to change his own views; it looks next as though he had to be competent to get the confidence of both sides; it looks next as though he ought ultimately to have the power to decide given to him in order that his functions of mediating—

Mr. WILLIAMS (interrupting). That is indispensable, I think.

The ACTING CHAIRMAN. Yes. How can we, as a general proposition—suppose we consider that the whole question of unionism will very largely turn on securing that type of man, available for all these thousands of disputes in all these unions. How can you suggest any recommendation as to the development of a business of that type, which would be not simply the accident of one man, I might say, who is particularly qualified, but how can we find such men, to make it a professional business?

Mr. WILLIAMS. I think the first thing to be done, if such a thing is desirable or practical—I do not doubt in the least but that we have plenty of men here that would fit into that situation admirably. I think that the incentives are the greatest anywhere. I do not know of any political position that I would value as much as the position that I hold now, so far as dignity and self-respect are concerned. I believe the rewards in a profession of this kind are so great that it would attract men as soon as it was known that it was possible to have it institutionalized; you would have the best and highest type of men, to whom the rewards would be nothing, and they would come from any business to engage in it. I do not believe there ever was as much social spirit in the world as there is right now, and I believe there are many individuals who could be found that would possess the qualities needed to make it a success, because their success would be in inverse ratio to the number of decisions they would give out; it would be according to the number of agreements they secured. They would think of the success of the arbitration and of the protocol as beyond any other success, and they would make it work.

The ACTING CHAIRMAN. Then you think if we would make this sort of recommendation, that conciliation in the form of arbitration should be recommended, that that would have weight with the legislatures and with the industries of the country—you think the type of men needed to carry it out would be forthcoming?

Mr. WILLIAMS. Oh, unquestionably, if they could go to the job; if they did not have to go through politics to get it.

The ACTING CHAIRMAN. Well, then, it is necessary for us to find some scheme of getting them. Have you considered the method of civil-service examinations for such a position?

Mr. WILLIAMS. No; I am not prepared. As you see, it is a comparatively new development. I have not thought of it in connection with the Government; I have only thought of making good myself, so as to show that it can be done, and that other employers and unions will be influenced to try it out. Here is your missing link that has been spoken of so much. This wide chasm

needs to be bridged, and experience has shown me that the best bridge possible is that of the human spirit as a mediating force—a man who will not be disinterested, but, on the contrary, will be tremendously interested to have both sides succeed.

The ACTING CHAIRMAN. It has been suggested that this commission should recommend an organization similar to the industrial council in England. Do you know what that is?

Mr. WILLIAMS. Only vaguely.

The ACTING CHAIRMAN. Do you know that it is composed of equal numbers of representatives from organized employers and an equal number of representatives from organized labor, and it is a mediating body? Would such an organization of that kind, do you think, be able to pick out mediators and arbitrators of that kind?

Mr. WILLIAMS. It might, if it did not have any political debts to pay.

The ACTING CHAIRMAN. Making such an organization, in other words, a civil-service commission for that purpose?

Mr. WILLIAMS. I have no opinion on that worth anything, because I have not thought strongly enough on it, and I do not wish my opinion to be any more than just one contribution into the symposium you are getting at, and it will be placed with the information you are getting from other sources; and I wish to center my emphasis upon the kind of thing we need and, in a way, counter the objections to arbitration that have been offered here.

The ACTING CHAIRMAN. To get at it a little closer, how were you first selected as an arbitrator or mediator before people knew you had the qualities that would fit you for it?

Mr. WILLIAMS. I am afraid that a recital of my experience would be discouraging, in a way, as to qualifications. I had to live 40 years in one town until people could inquire all about me and satisfy themselves that I was on the square. Then, my early mining and trade-union experience made me known to the miners; and then, being called on at different times—in every strike I was called in as a mediator, or as a volunteer butted in—and they got to know that I was friendly. That is what I had to go through, but that might be shortened for somebody else.

The ACTING CHAIRMAN. You had to be selected by the joint action of oppos- ing interests?

Mr. WILLIAMS. Surely.

The ACTING CHAIRMAN. So that you would say that it is indispensable that the representatives of the two interests should make the decision?

Mr. WILLIAMS. I do not want to say anything that will bind any further action. I say that is the way it has been proposed, so that the Government might acquire the confidence of the people to such an extent that the people would accept whom they might ultimately appoint. I do not wish to say that I think that that is coming right away, but ultimately it might come to that. I intimated some time ago that it would result in a body with authority that could settle a large strike—for instance, a strike in the railroad industry or a strike in the coal industry—in such a way that it would have the power of one of our boards of public utilities now. They could tell a corporation now what is a fair profit, and an ultimate board of arbitration might come to that some time; but it is ultimate and not proximate.

Commissioner WEINSTOCK. Would it be so difficult to find these men if they were appointed by the Government, not men taken out of private life, men who are not widely known, and who would be looked upon with more or less suspicion; but if he has held a public situation, his record, and character having become generally known, he is sized up quickly, and both sides have means of determining whether he is the right man for the place or not and entitled to their confidence.

Mr. WILLIAMS. That would be so in some cases; there are some men who have been in public life and conducted themselves in such a way as to cast luster upon themselves. If that is true, that would help.

Mr. BARNETT. In the Chicago Hart, Schaffner & Marx conciliation scheme do the underdeputies, not the chief deputies, have power to settle any case which comes before them? Are there any restrictions on the kind of cases they may settle?

Mr. WILLIAMS. Mr. Hillman had better answer that question. He is the head of the organization, and I will leave that to Mr. Hillman.

Mr. BARNETT. Perhaps Mr. Hillman can tell us.

Mr. HILLMAN. There really was no definite arrangement. As a rule, the deputies—not the chief deputies—if they feel that this case is a little too big for them, they would just give it to the chief deputies. As a rule, everything they decided was always satisfactory; we never had to overrule them; but on principle we have the right to do that, the chief deputies.

Mr. BARNETT. The decisions are reported to the chief deputies?

Mr. HILLMAN. Yes; every detail of the investigation is reported to the chief deputies.

Mr. BARNETT. And if those decisions do not conform to principles which have already been established, or precedents already established, then what?

Mr. HILLMAN. I would like to say that we do not follow so many precedents. We always used to say, "We will face the situation as it presents itself," and if we found that we had made a foolish decision a year ago we did not have to be bound this year by the same decision.

The ACTING CHAIRMAN. Thank you very much, Mr. Williams. We will now take a recess until 2 o'clock.

(Whereupon the commission took a recess until 2 o'clock p. m.)

AFTER RECESS.

The commission resumed its session pursuant to the taking of recess.

The ACTING CHAIRMAN. Mr. Thompson, are you ready to proceed?

Mr. THOMPSON. Yes. If the chairman please, Mr. King is here, and we would like to call him first.

TESTIMONY OF HON. W. L. MACKENZIE KING.

Mr. THOMPSON. Will you please give the reporter your name, address, and occupation, Mr. King?

Mr. KING. W. L. Mackenzie King; my address is Ottawa, Canada; and I am a journalist at present and take an interest in public affairs.

Mr. THOMPSON. In the past have you had connection with the administration of the Canadian industrial disputes act?

Mr. KING. Yes; I had a good deal to do with it.

Mr. THOMPSON. What has been your connection with it, and how long did it continue?

Mr. KING. I drafted the act to begin with, and administered it part of the time as deputy minister, and part of the time as minister of labor in Canada.

Mr. THOMPSON. Are you familiar with the practical application of the act?

Mr. KING. Yes.

Mr. THOMPSON. And the instances in which it was applied?

Mr. KING. Yes; I was with most of them.

Mr. THOMPSON. And you are able to speak with knowledge of the facts?

Mr. KING. I think so; yes.

Mr. THOMPSON. Will you tell the commission the reason for the inauguration of the act, the purposes for which it was intended, and in what instances it has been applied, and how it worked, if you please?

Mr. KING. That would take rather a long answer, Mr. Thompson.

Mr. THOMPSON. It is the desire of the commission to allow you to make your statement in your own way, Mr. King, if you would like to do that.

Mr. KING. The act grew out of the experiences in the settlement of industrial disputes. When the department of labor was first formed in Canada the only act under which there was power to intervene in industrial disputes was a conciliation act modeled on the conciliation act of Great Britain. That gave to the Government the power to appoint a conciliator when an industrial difference arose and to use his good offices to bring about a settlement.

I happened to be appointed the first deputy minister of the department, and one of the first strikes that came up after the department had been formed I was sent to intervene in as a deputy minister. Having had some good luck in that strike I was sent to intervene in others, and the result was that for a number of years I was intervening as a conciliator in these individual strikes as they arose.

In 1907 there was a large strike that took place in the Province of Alberta, in the coal mines, in the spring of the year. I was in the old country during the year, but when I got back the premier asked me if I would go out to British Columbia and try to settle the difference. I went out and, to make a long story short, it took about two weeks to get that strike settled. The serious

part of it was that the prairie Provinces of the west were dependent on these mines for coal, winter was setting in, and the people in that district were facing the approach of winter with the possibility of starvation from fuel. Getting down into the district where the coal mines were, however, neither of the parties to the dispute seemed to consider that aspect of the case at all. They were thinking of their own particular grievances. After that difference was settled and I came back to Ottawa, the premier said: "We have got to draft some kind of a measure that will help to make this sort of thing impossible, if we can."

My experience there and in connection with other disputes had led me to believe that if we could put through an act which would compel the parties to a dispute to act together and provide some legislation that would get at the facts when they got together, that a large percentage of the industrial disputes would be saved.

I mentioned this circumstance to Sir Wilfrid Laurier at the time, and he said: "You had better draft a measure embodying those principles."

The industrial disputes investigation act is simply the result of that conversation.

The act is not original; it is based on legislation in other countries. The phraseology of it, a good part of it, is from legislation in New Zealand, and some of it is copied from State laws in this country. The feature of the act, however, is that it compels parties to an industrial difference to meet together and it affords the machinery whereby they can get at the facts when they are seeking to arrive at a settlement.

There is nothing compulsory in the act as to the acceptance of a finding of a board established under its provisions. The parties are expected to meet in this fashion before they strike or lockout, but once a board has been appointed under the act the parties may do what they like as to accepting or rejecting the award.

I might say that such limited experience as I had in dealing with these disputes showed clearly that one of the great difficulties in every strike was to get the parties together. That same thing came up on one occasion after the other. Employers would not meet so-and-so because they were belonging to a union, because they had become obnoxious, through personalities or other causes. Then there was also the difficulty that even when we got them together a question would arise as to some point of fact, and there was no way of compelling evidence—the taking of evidence under oath; and it was personal experience, largely, in that particular that made me believe that if those two points could be properly provided for the settlement of the industrial differences would be easier.

The provisions of the act are simply these: It applies, in the first place, to any dispute in the nature of public utilities—all transportation companies, transportation by steam, by electricity, to public-service corporations, agencies of communication and transportation.

It is a Federal act, administered by the Federal Government, and applies to the whole of the Dominion. It does not include all industries. The reason of its being limited to the particular industries that it covers is that, being a Federal measure, it is difficult to administer over so vast an area, and the industries to which it applies are more or less in the nature of industries upon which others are dependent, and the public in particular is affected by.

Well, in regard to any of those, where the difference is likely to result in a strike or lockout, the parties are by law, either of them, required to ask for a board of investigation. They send in an application to the minister of labor, and if it is made in conformity with the form of the act he then calls upon each of the parties to name a member of the board. They may name any person they please, provided that the person so named is not financially interested, and those two persons are given three or five days within which to agree upon a third man as chairman of the board.

If they are unable to agree or either party refuses to name a member of the board, then the Government, through its minister of labor, appoints a party in place of the one refusing, and that party acts as chairman.

The three members of the board are given all the powers of the court; they may compel the production of documents, take evidence under oath, or subpoena witnesses. They are paid \$20 a day each, I think, and expenses. The witnesses are paid. The whole expense of the investigation is carried on at the expense of the State.

This board uses its good offices to try to effect a settlement. If they are unsuccessful in the matter of drafting an agreement between the parties they

issue a report stating what in their opinion should be done to bring about a fair settlement. That report is made to the minister and given out by the minister to the press. Once it is given out the parties are free to do what they please—either strike, lockout, accept it, or do nothing.

The act was passed in 1907. It has been on the statutes now for seven years. I do not know what the latest figures are, but I think the last report of the department of labor, which brings it up to March, 1913, shows something like 147, and that out of the 147 all, with the exception of 20 resulted in the strike being prevented and the differences immediately settled, and the disputes that the board have had to do with have been the most important of the disputes we have had in the Dominion in that time, I think. That is about all; I think that covers it.

Mr. THOMPSON. What was done with reference to the 20 cases that were not settled?

Mr. KING. I think on those cases there were strikes. So far as I have been able to see, in no case where the strike followed the finding of the board was there any gain beyond what was recommended by the board itself. I do not know of a single instance where, a recommendation of the board not having been followed, anything better was obtained as a result of the strike.

Mr. THOMPSON. Do you know whether, in the 20 cases that went to strike or lockout, finally they were adjudicated by arbitration or conciliation?

Mr. KING. No; in every case the matter of one side giving in—no, they scrapped on until they got tired of it.

Mr. THOMPSON. Do you know whether in those cases the side that won would concede the findings of the public body, or would they insist upon their own contentions?

Mr. KING. Well, my impression, speaking roughly, is that in some cases settlement was ultimately made on the basis of the award that the board had put out, and in other cases terms not as satisfactory were the result.

Mr. THOMPSON. But in the majority of instances you believe that the terms found by the public board were adopted?

Mr. KING. I would not be quite sure of that. I am not so sure but in the majority of instances the settlement was less favorable to the party that refused to accept it than it would have been had they accepted the finding of the board at the time.

Mr. THOMPSON. Are there any sections in the act which make a dispute or a strike or a lockout an illegal strike or lockout, and what are those sections?

Mr. KING. There is a section in the act which makes it an offense for a strike to take place or a lockout to be declared prior to an investigation by the board, or pending an inquiry by the board; but the strike or lockout is not made an offense per se; it is only providing that it takes place prior to the investigation. There is a penalty—I am sorry to say I do not remember the exact amount of money—something like \$10 a day for individuals and a thousand dollars a day for the company that violates that provision. I have got copies of the act with me that I could give to the commission if desired.

Mr. THOMPSON. I think we have copies of the act. Has that penalty, so far as you know, ever been enforced, either against employers or corporations or companies?

Mr. KING. There are one or two instances where it is possible—one case I know of in the Cobalt mines, where it was enforced against a man. There was another case in a coal company in Alberta, where it was enforced against a company. There are other cases where it has been violated and nobody has proceeded against the parties.

Mr. THOMPSON. In the Alberta case were you able to collect? That was against the company?

Mr. KING. That was against the company and we were able to collect.

Mr. THOMPSON. And in the other case it was against a man?

Mr. KING. Yes.

Mr. THOMPSON. Were you able to enforce that?

Mr. KING. I think so, if I remember correctly. There was an appeal from the decision of the court that made the finding, and that appeal was sustained by the court, and I think I am correct in saying that the fine was collected.

But I would like to say this: The Government has never laid particular stress upon the penalty end of it; the penalty part of it has always been treated much in the same light as a penalty for trespass. If the party affected wishes to enter an action to recover damages, they may do so, but the Government of its own initiative has never laid an information against any of the parties for

violating the provisions of the act. What has been felt by the administration is that the merits of the act lie primarily in the way of investigation which will appeal to the parties themselves, and it has not been found necessary to take action in the way of penalizing the parties particularly.

Mr. THOMPSON. Has there been any consensus of opinion on behalf of employers against that penalty section, if you know, or any general opinion held by the majority?

Mr. KING. Well, at the time the measure was being introduced in Parliament there was some objection, I think, raised, but I do not know that the penalty end of it has attracted a great deal of attention one way or the other.

Mr. THOMPSON. What would you say in reference to the labor unions? Have they evinced any antagonism toward that section?

Mr. KING. I think they would prefer not to have that section; I might say in regard to that at the time the law was enacted, we were pretty much in this position, that each party, or rather, the parties in whose interests it was enacted, had to consider whether they were prepared to make some concession to the State, or the State make some concession to them.

I spoke a moment ago about the Alberta strike. I remember at the time dealing with that. The men there were very much incensed at the company, being unwilling to meet them, and they were equally provoked at the inability to get at the facts when we were working on them, and I said to them, when we were discussing the matter, that if we could not get this information that we were after or get this meeting we were trying to bring about in a voluntary way I would get legislation through Parliament to compel it if they would back me up on it, and they were highly agreeable to that point of view at that time.

I took the matter up with some of the officers of the Canadian Federation of Labor, and they saw clearly that we were practically in this position—to get an act through Parliament which would compel employers to produce their books before a tribunal on which labor itself was represented; labor had to be prepared to do something on its behalf which the State would recognize as a concession on its part, and the compromise, if I might so call it, that was made was this: That labor agreed—I am speaking now in general terms—to postpone the time at which they would disturb the general community through a strike on condition that the State would provide them another means of avoiding the strike at the expense of the State itself, and the bill in that way, being introduced with that understanding, did not meet with the opposition of the labor organizations at the time, with the exception, I think, of some of the miners' unions, but the leading officers in the labor organizations at that time were not opposed to it.

Mr. THOMPSON. Then, as a matter of fact, the incorporation of that section into the act was at the instance of the workmen?

Mr. KING. No; not the incorporation of the section imposing a penalty. No; if anything, that was at the instance of the Government, looking at the problem of getting that legislation through Parliament. The question was this: We knew that as soon as the measure was brought down that at once the employers would say and the public would say, "You are setting up a tribunal at the expense of the State, giving rights that have never been given to labor before, namely, the right to have their own member on a board, the right to choose a chairman, the right to call witnesses and to have those witnesses paid for by the State, the right to appear for themselves, or by their own representatives. You do all this at the expense of the State. What is the State getting in return for it?" The government of the day did not think the measure could be put through unless there was some answer to that question. The answer was this: "What you get in return is the continuous operation of the utility that is concerned," and the only way that could be put in words before the public was to impose a penalty which would be collectible in the event a violation of that took place. That is the nature of the understanding, so to speak, between the State and one of the parties to an industrial dispute.

Mr. THOMPSON. You say, in the first instance, labor did not oppose the act?

Mr. KING. No; the Trades' Labor Congress of the Dominion indorsed it, and think they have indorsed it rightly.

Mr. THOMPSON. What is the attitude, if any, of organized labor toward that section of the act to-day?

Mr. KING. I think organized labor would prefer to have the act as it is without any penalty undoubtedly, but I think if they were asked—particu-

larly the unions that had been under this act—in fact, I am quite sure when I speak of the unions under the act—whether they would rather have the condition as it existed prior to this measure, namely, where they had to fight with each other and had no means of holding an investigation at the public expense or having this measure with the penalties attached to it they would say, "Give us the measure with the penalties attached to it." In other words, there has been no agitation for a repeal of the act since it was passed. Another government is in office at the present time, and I think if they thought it was desirable to have the act repealed or changed there would probably have been an effort to repeal or change it, but they have not done so.

Mr. THOMPSON. Is there any other method proposed or have you in mind any other or better method of handling that phase of the subject than the provisions of this act?

Mr. KING. That is the best method I know of.

Mr. THOMPSON. You think it has worked out satisfactorily?

Mr. KING. I think it has more than justified itself; yes.

Mr. THOMPSON. What advantage has been taken of the provisions of the act with reference to providing for conciliation and mediation of industrial disputes which do not come within the exact purview of the act; for instance, public utilities?

Mr. KING. There is a clause in the act which provides that any industry may, upon joint application of the parties, come under this measure itself. I think the men in the boot and shoe trade in Quebec, at least a company and its employes there, and one or two cotton industries in Quebec, have taken advantage of that section and have had an adjustment of their differences under the provision. With the exception of that there has not been advantage taken of it.

Mr. THOMPSON. From your experience with the act, as it has worked in connection with the industries covered, have you any opinion as to the advisability of extending the act further than just to public utilities disputes?

Mr. KING. It is a matter there of administration. I should think it was a desirable thing, if the act were to be extended, that it should be extended by the provincial governments rather than by the Federal Government, because I think where you have all the industries of the country to deal with and only the one central Government, it would be very difficult of administration there. I see no reason why the individual Provinces, or what would be individual States here, might not enact similar measures and make them applicable to all industries over a certain number of men. I do not think the State ought to bother about anything that is not going to affect it particularly. But if the industries employ enough men so that a strike or lockout of that particular industry would affect others, then I think there is a strong reason why the State should take some measure or seek to take some measure to prevent industrial unrest, if it is possible to do so.

Mr. THOMPSON. What is your objection to that act being a Federal act?

Mr. KING. I have no objection to the present measure being a Federal one. As I say, it is simply a question of administration.

Mr. THOMPSON. I mean, what is your objection more in detail as to a further act dealing with industrial disputes being a Federal one rather than a State one?

Mr. KING. It is just a matter of the administration of the law. For example, take a dispute arising in the Province of British Columbia. Where it is a dispute affecting a street railway or some large industrial concern, the Federal Government can handle it quite readily at that long range. A few telegrams back and forth enable the choice of men to be made for the board, the choice of a chairman, and the sending of documents that are necessary, and the like. But if you extend it so the building trades are under it, then you would have disputes in some little town for instance, and it would be very difficult for the Federal Government to find out quickly enough whether the number of men involved was such as to bring it under the act, or to get the necessary appointments made, and the like; whereas a State government, with its capital right within a few miles of where the dispute might take place, could deal very readily with any situation in that area.

Mr. THOMPSON. In saying you believe it could be better handled by the State government, you probably assume that each State would enact the same kind of legislation?

Mr. KING. That is my idea; yes. For efficient administration in regard to industries other than those in the nature of public utilities, it seems to me

that legislation of that kind can be more efficiently administered by a smaller body than by one having administration over a great area.

Mr. THOMPSON. Has there been, so far as you know, much legislation by the various States of the Dominion along this line?

Mr. KING. No; there has not.

Mr. THOMPSON. What you say in that regard is based really upon your opinion as to the administrative disabilities of a Federal act?

Mr. KING. Yes.

Mr. THOMPSON. You have not considered the matter from the standpoint of the greater weight of the national act over, perhaps, the weight of a State act, and the influence on the minds of the consenting parties?

Mr. KING. No; I was thinking of it purely from an administrative point of view.

Mr. THOMPSON. If, in your opinion, the administration of a State act lacks that force of public opinion that the national act would have, then would that outweigh the administrative objection?

Mr. KING. Yes; I think it would, and I think an extension could be made by the Federal Government if enough care were taken as to indicating the extent of the dispute which would be intervened in. For example, a dispute of the building trades that would involve a thousand men, I should say was something that possibly the Federal Government might be justified in placing within the act which it is bound to administer, but if it were a dispute affecting 100 men I think it would be too small an affair for the Federal Government.

Mr. THOMPSON. Your idea is that there should be limitation with reference to the magnitude of the industrial dispute?

Mr. KING. Practically in the effect on the community, or its lack of effect.

Mr. THOMPSON. Is the present machinery adequate for carrying out the act?

Mr. KING. I think so; yes.

Mr. THOMPSON. I understand, Mr. Chairman, you have some questions to ask. I have nothing further at this time.

The ACTING CHAIRMAN. Have you any questions, Mr. Barnett?

Mr. BARNETT. No; I believe not.

The ACTING CHAIRMAN. Mr. King, I will advise you and the other gentlemen who will be witnesses that you will be asked to remain, if you can, and make such rebuttal as you choose, and also to answer questions which the commissioners by that time may have framed up for you and the other gentlemen. We thank you for your statement, Mr. King. Unless you have something further to state at this point, you will have an opportunity later if you should like to follow it out.

Mr. KING. Thank you, Mr. Chairman.

TESTIMONY OF MR. SAMUEL GOMPERS.

Mr. THOMPSON. Not for our information, Mr. Gompers, but for the information of the record, I would like to have you state your name and position.

Mr. GOMPERS. Samuel Gompers; president of the American Federation of Labor.

Mr. THOMPSON. You have occupied that position for a number of years, Mr. Gompers, have you not?

Mr. GOMPERS. I have.

Mr. THOMPSON. Will you state, just for the record, how long?

Mr. GOMPERS. About 28 years or 29 years; that is, there was a year intervening when I was not its president. That was in 1894 and 1895.

Mr. THOMPSON. Was that a vacation year?

Mr. GOMPERS. No, sir; I have not been so fortunate as to enjoy a vacation.

Mr. THOMPSON. The Federation of Labor, Mr. Gompers, is a federation of a large number of trade-unions of this country?

Mr. GOMPERS. Yes, sir; that is, of the North American Continent. That includes the United States, Canada, Porto Rico, and part of the Philippine Islands.

Mr. THOMPSON. In the membership of the American Federation of Labor there is a very large percentage, is there not, of the organized labor of this country?

Mr. GOMPERS. Yes, sir.

Mr. THOMPSON. Have you any knowledge of about what the percentage is, in a general way?

Mr. GOMPERS. I think I could tell you better in figures than in percentages. Of course, you understand that the membership in the American Federation of Labor is in the unit of organizations, rather than of individuals. It is a federation of organizations of trade-unions, and the organizations pay their per capita tax for their respective memberships to the American Federation of Labor; and, in round numbers, the payments within this past few months have been upon 2,100,000 members; that is the paid membership.

Mr. THOMPSON. Is there any concise statement you would like to make, Mr. Gompers, with reference to the purposes of the organization and its powers, as introductory to the general subject of the day?

Mr. GOMPERS. The general purpose of the American Federation of Labor is to improve the condition of the working people materially, economically, politically, socially; to secure better industrial conditions for all the workers, better wages, and shorter or normal workday; better working conditions for safety, for sanitation; better homes; better lives for the workers in their homes and in their daily life; to secure for the children safety from exploitation from employers; to give them the opportunity for the development of a fuller life and understanding; and for their better opportunities; and, in a word, to make life the better worth living after all.

Mr. THOMPSON. In your position as president of the American Federation of Labor, Mr. Gompers, have you come in contact with the subject of collective bargaining or trade agreements or conciliation and arbitration?

Mr. GOMPERS. Yes, sir.

Mr. THOMPSON. From that contact do you believe that the worker can fare better by individual bargaining than by collective bargaining?

Mr. GOMPERS. No, sir.

Mr. THOMPSON. Then, from your standpoint and from your experience, if it were stated here that a man could fare better by individual bargaining than he could by collective bargaining, such a statement was a mistake?

Mr. GOMPERS. It is at variance with every fact in the history of industry of three decades, at least.

Mr. THOMPSON. In regard to your knowledge in that respect, Mr. Gompers, do you draw it solely from the experience here, or have you a general knowledge of the subject in the civilized world generally?

Mr. GOMPERS. I have it from my own experience as a wage earner for 26 years, working at my trade as a wage earner; it is the result of my observation and close contact in the United States and Canada with the subject, and it is the result of information obtained at first hand in several other countries.

Mr. THOMPSON. Mr. Gompers, will you tell us your views of the advantage of collective bargaining to the employees—in your own way?

Mr. GOMPERS. To give anything like an intelligent answer to that question it is necessary to call attention to the industrial conditions, the industrial development of the last half century. I need not enter into very much detail and will not; but, if I may be permitted, I would like to preface my answer by saying this: For many years, that is to say, the last 50 years, and accentuated in the last 30 years, there has been going on a great development in industry and a concentration of industry under the directions of partnerships and companies and corporations and trusts, so that, in many of the great basic industries, they are under the control and direction of a few persons or companies. Then, in addition, the development of the industry in the form of newer devices, implements, tools, machines, and so on, has caused the industries to become divided and subdivided and specialized. That is, the division and subdivision and the specialization of many of these large basic industries has gone on to the extent that we seldom find one man being a practical mechanic who has the mastery in the production of any one given whole article. That is, further, that the division and subdivision has gone on to such an extent that the worker does one particular small, comparatively insignificant thing, a part of the whole article; he does nothing but that a thousand times, five thousand times, ten thousand times, or more times, over and over again, and does nothing else and knows nothing else of any other branch or of the many branches in that industry, and each making the individual small part of the given whole article, has lost his industrial importance; he has lost his individuality. He is only a cog in the industrial wheel of a modern plant.

As a consequence of these two things, concentration of industry and the division and specialization and subdivision and specialization of the trades, the workman now no longer owns the tools which the workman of old possessed and with which the worker of old performed his labor. He has nothing

to offer but his power to labor, and is bereft of the tools, the means with which he can perform that labor, except in the modern industrial plant. To say that an individual workman can make a better bargain in such an industrial plant is to beg the question and is flying in the face of obvious facts. We might take any one of the great industrial concerns of our country, and I do not know that anyone will typify the condition better than the United States Steel Corporation. To say, for instance, that an individual workman can make a bargain for his labor power, for his employment, with the United States Steel Corporation better than can an organization of workmen—that is, workmen associated and in agreement making an effort to reach a collective bargain for the labor of themselves and in association—is obviously a mistake. I am trying to put it mildly. It is a mistake, if it is not prompted by ulterior motives, to exercise the full power which wealth gives to its possessor over those who have nothing and own nothing but their power to work, to give service.

Mr. THOMPSON. We have up for consideration the question of conciliation and arbitration in the settlement of industrial disputes. With reference to that subject, or those subjects, what opinion have you and what do you wish to say to the commission?

Mr. GOMPERS. The policy of conciliation is worthy and commendable. The policy of mediation is good. So is that of arbitration. I happen to count myself rather happy in my own frame of mind, though I have been frequently placed in the rather unfortunate position of combatting—of feeling myself necessarily impelled to combat—various theories of various men having their own notions as to how this great problem of the relations between workmen and employers can be met and treated and solved.

I have said—and if I could find words to more strongly state my view I would, but I do not find them and perhaps do not know them—that speaking not only for the American Federation of Labor, whom I have the honor in part to represent, but speaking for myself, I stand for conciliation and for mediation and for arbitration. I can not agree with all forms of suggested methods of either of these propositions.

The things best calculated to bring about most practical results with the least injury, the least permanent injury, to fundamental rights and principles, are those which come from the organization of the working people. It is not difficult to secure by voluntary action on the part of either a policy of conciliation or mediation, and finally, if all other things fail, arbitration, when workmen are fairly well organized, and the better they are organized the readier do mediation, conciliation, and arbitration follow. The question of arbitration is one which must, of course, commend itself of all right-thinking persons who have the welfare of their fellows at heart; but many suggestions have been made as to the form in which arbitration shall find its expression, and we are so prone to try and avoid any present or immediate discomfort or inconvenience that many of us are likely to resort to almost any device that seems to indicate a way out of that immediate inconvenience or discomfort, and that, too, regardless of subsequent consequences. I think that it might be likened to the individual who, suffering some severe pain, locates the pain and would, following the bent of his own misunderstanding, apply something radical to it in the hope of securing immediate relief, regardless of the physical danger and vital danger which he may inflict upon himself.

I make this statement with the fact in mind that we saw a few years ago in New Zealand an effort made to abolish strikes, and a man of the finest type and caliber, a high-minded man, who after making an investigation which was as he thought sufficient to warrant him to write a book, describing New Zealand as the country without strikes. A little later a gentleman came from New Zealand to convert the people of the United States to the theory of compulsory arbitration, to recommend to us the adoption of the principle of compulsory arbitration as it obtained in New Zealand, and I have the unhappy faculty of at times saying things which displease, and upon the occasion of that gentleman's visit to the United States I did so, and declared that the American working people would never, if I read their character correctly—and I thought I did and I now think that I do—tolerate such a thing in the United States as compulsory arbitration, with all that that implies.

The book of the late Henry D. Lloyd, *A Country Without Strikes*, and the lectures of Mr. Lusk, the gentleman from New Zealand, made quite an impression, so much so that in the Congress of the United States, and in special legislatures bills were introduced providing for compulsory arbitration of industrial disputes, and perhaps for a few years the men and women engaged in our

movement were as busy as they could be, engaged in an effort to disclose the real meaning of compulsory arbitration, and as finally succeeding that better understanding among employers generally, among workmen, among publicists and among our legislators, that compulsory arbitration, no matter if it might be good in another country, it was not fit for the conditions and institutions of the United States.

It was somewhat a sort of regrettable satisfaction to me to find about 10 years later, when upon the second visit of Mr. Lusk to the United States, he declared that the law of New Zealand had not worked out as satisfactorily as he and others who favored it supposed it would, and that he did not feel that such a law would be applicable in the United States; that we were not ready for it. I agreed with him, and I agree with him now, that we were not ready for it and are not ready for it, and if my opinion is worth anything, we shall never be ready for any system of legislation which confiscates the property and enslaves the working people.

I am not here called upon, I suppose, to defend the rights of property. Those who have property may find their own way of protecting it. I am speaking for those who work, the great mass of the people of our country, and I speak for some perhaps who would not have me speak for them, but I will speak for them nevertheless.

The difference between a freeman and a slave is the right of the freeman to dispose of himself, his personality, his labor, his power to work, as he himself may determine; his own wish, his own whim, his own interest, and not be subject either to the dominating will of an employer on the one hand or the Government of the country on the other; or, I ought to have said, probably, his own will, backed up by the power of Government.

As soon as the Government steps in and says to the workman or the working men and women "You must work under such conditions as are here stipulated; if you do not work you will go to prison." At that moment slavery has been introduced. A system of compulsory arbitration, or a system of compulsory investigation, as it obtains in Canada, wherein and whereby workers are given the choice of continuing to labor, enforced compulsory service for any given period, when the worker regards it as his interests and his rights to leave that employment, call it by whatever name you please, compulsory arbitration or compulsory investigation, compulsory work, pending the final determination of that investigation, the system of slavery has been established, and I doubt that the workmen of the United States will ever be ready to accept legislation of that character without a protest.

It may be interesting to call attention to a feature or two as the result of the compulsory arbitration act of New Zealand. The popular opinion has it that it favors the organization of the working people, and that really it has encouraged it; that the awards have come as the result of the organization of workers and employers meeting before the arbitration boards or courts. The fact of the matter is that a new device, which the employers of New Zealand have gotten up, following the practice of our own sweet-scented National Association of Manufacturers of the United States, they have gotten a few of their satraps, a few of their own agents, and had them at work in some industry for a while—no matter how little they did, or how poorly they performed any work—and then had them form a union, and, under the law, as soon as there were enough of them, which was 15—they could organize a union, and between that union or such a union and the employers—the employers' association—arbitrations, investigations, and awards were conducted and rendered. In one instance, a large body of workers organized in a bona fide union, having an existence of more than 22 years, finding that that was the method which the employers had devised to have the court of arbitration give an award—binding upon all in the trade—the men in the bona fide union just simply became members of this fake concern, and then endeavored to appear before this court, but they were denied the right.

Mr. THOMPSON. In reference to the exercise of governmental authority in industrial disputes, what opinion have you with reference to the establishment of a Government body that would have the right to investigate, the power to call for the production of documents, and the swearing of witnesses, in order that the truth may be ascertained in the dispute, where there was no suspension of the right to strike or the right to lockout?

Mr. GOMPERS. The question is of its practicability, rather than its effect. Always bear this in mind, that strikes, in the largest number of cases, consist of those unorganized or the newly organized. As workmen and workwomen

remain organized for any considerable time, strikes diminish. They establish for themselves and with their employers means and methods of conciliation, of arbitration, and it is only when those absolutely fail that there is a stoppage and break in their relations. After all, that which we call a strike is nothing more nor less than an interruption of the former relations which exist between the workmen and the employers for the purpose of arriving at a new working agreement. In cases where the workers are well or fairly well organized, the facts are known to the employers and the employees. In the case of an unorganized or a newly organized body, they know nothing of each other's conditions, or very little, are no respectors of each other's rights, and the methods by which the workers could establish the facts are exceedingly meager. Investigations authorized by the State could establish but very little in so far as the relations between the employers and the employees are concerned.

Mr. THOMPSON. But would not it be possible for such a body—with that power of investigation—to ascertain the facts and probably be able to help both of the parties to arrive at a remedy where the dispute involved matters of fact?

Mr. GOMPERS. Generally, they are not matters of fact. They are matters of mental attitude, the mental attitude of the employers, who consider that the workmen have no rights that they as employers are bound to respect, and the failure on the part of the workmen to demonstrate that they have some power to diminish the profits of the employer by a cessation of their work. It is not a question of facts. The facts are these: When an employer has a mass of unorganized working people working for him he is master of all he surveys, and any attempt upon the part of the workmen to petition or request a change is looked upon by him as a rebellion. It is an insult to his position and to his dignity, because he, in his mind, has furnished them with work and with the means by which they live. He is perturbed at the idea that his position as their benefactor has been called into question. On the other hand, the workmen, who have been docile all this time, who have regarded the employer as omnipotent and all powerful, when they finally revolt in desperation against that one-sided arrangement, when they are for a while—possibly a short while—out, they imagine themselves all powerful, and the employer as having no power at all. It is a question of a struggle—that is, a struggle of the workers to still remain idle without doing anything and to subsist. If these working people remain organized at the end of the controversy—whether they return by agreement or return with a victory or return with a defeat—if they retain their organization thereafter it was not a defeat, it was simply a retreat, and it will impress itself upon the employer in the very near future thereafter to establish better relations between them, where each will have a better understanding of the position of the other, and it will lead to an arrangement of recognition, understanding, and collective bargaining.

As to the investigation conducted by the State, while I can not see why there would be any objection where there would be no factors connected with it that would be of a compulsory character on either, my apprehension is this, Mr. Thompson, that once you place in the hands of the State this one feature, then you will have laid the basis for a continual effort which leads to compulsory arbitration. There is a constant effort on the part of so many people—and some are candid enough to admit that there is a constant effort—to tie the working people to their task, to tie them to their labor, to rivet them to their labor, that they can not quit and stop. I am in happy mental companionship with the great Lincoln when he said the great factor of American life and liberty is that there is a place where the working people could stop.

Mr. THOMPSON. Mr. Gompers, does your objection to compulsory arbitration and to the establishment of an institution for the purpose of investigation even, extend also to the establishment of a State body that could be appealed to for the purpose of mediation and conciliation?

Mr. GOMPERS. I think not. The chief objection I may have is that of apprehension as to the future, not of its immediate effect. I know of but very few instances in which there were any large contests between employers and employees involving public comfort, public safety, public convenience, where some means was not devised immediately, improvised, by which the parties were brought together and some sort of agreement reached.

Mr. THOMPSON. With reference, Mr. Gompers, to the forms of arbitration and conciliation which are voluntarily entered into by the parties under their trade

agreement, have you any choice as between those boards of arbitration which are evenly divided between the two contending parties, and those boards which provide for the selection, either immediately of an umpire or third party, or which make provision for his selection in the end in case the parties are unable to agree?

Mr. GOMPERS. My preference is for a board of arbitration, where arbitration is the last resort, where the representatives of both parties are evenly divided. As to the umpire or odd man, perhaps it would be just as well if the contending parties decided that after all they could not agree and they would toss up a coin.

Mr. THOMPSON. Take a trade, Mr. Gompers, in which disputes of necessity, you might say, are almost constantly arising, arising daily, and where perhaps a third man might be taken on more or less for a stated space of time, where he would become acquainted perhaps as well, in so far as the question of arbitration is concerned, better than those who are tolling in the trades, or who are operating the business; do you think in that case or cases of that kind the introduction of such an umpire, who would operate perhaps as a mediator, would be no better than the tossing up of a coin?

Mr. GOMPERS. Having had the very exceptional pleasure of my acquaintance with you, Mr. Thompson, if you or men of your type were umpires I should say immediately, Amen! But I have had experience with other men who are not Thompsons. The difficulty is to get one who is known as an impartial man, who is impartial absolutely, who is not influenced by his youth, his experience, his environment. I realize that it is the accepted best thought to leave the result to a fifth or seventh or ninth man, but after all there is a great responsibility upon this supposed impartial man who can not be impartial entirely. I know I have been called in as umpire or arbitrator in disputes between workmen and employers, in spite of the fact that my life has been inclined with the women and men of labor, the employer feeling his contention was so just, and I have had to say what I say freely now, that if I acted as an umpire in such a case I am free to confess in advance that 50 per cent of my sympathy goes to the workmen in their contention, so that it would have to be a pretty strong case on the part of the employer before I could give any sort of an award for him or offer some sort of compromise. I think that if the workmen and employers, organized and having their agreements, their collective bargaining, knew that upon themselves depended the reaching of an agreement or the breaking of an agreement with all that that involved, they might more easily come to an understanding and reach an agreement without the umpire. But inasmuch as they have to resort to the umpire, they relieve themselves from the responsibility and place it upon this third or fifth or seventh man.

Mr. THOMPSON. For instance, Mr. Gompers, take it in a trade or industry where there are frequently arising questions in an open shop or preferential shop, where a man makes claim that he is discriminated against or discharged because of his union affiliation, or that because of their union affiliations they were getting a poorer class of work to do and a poor place to work in the factory, or in some one of the many methods of discrimination they were unfairly treated, such questions require more or less of an immediate consideration. Usually those complaints come from the employee in his own particular instance, so far as the organization is concerned a small matter. In such cases as that, do you believe that a resort to a board of arbitration of a committee on adjustment, providing for the steady employment of a third man, is practicable and would be a profitable scheme?

Mr. GOMPERS. I should say yes, but I think that it might just as well be one man chosen to do that, agreed to by both parties. The other two are entirely superfluous appendages.

Mr. THOMPSON. But suppose in that sort of a case the main effort of the third party is to make suggestions and to endeavor primarily to bring the other two together, to prevent them from differing, to suggest methods of abridging their differences, and by that method really to get them to decide by far the larger proportion of the cases—if this method could be worked in spirit, in your opinion would that make a machinery still better?

Mr. GOMPERS. It would. I trust you will pardon me when I say that I have not come across many Thompsons. That is all there is to it.

The ACTING CHAIRMAN. We had a Mr. Williams here with us this morning. Do you know him? Have you come across Mr. Williams?

Mr. GOMPERS. I have not seen him. I have heard of him, but I do not know him. I may be well acquainted with him, but have the misfortune not now to recall him.

The ACTING CHAIRMAN. The man I refer to was in the Hart, Schaffner & Marx matter.

Mr. GOMPERS. Yes, I know who he is, but I do not recall having met him.

Mr. THOMPSON. You say there is a place for the use of such men, and that their use would be valuable in the working out of the immediate and temporary troubles that arise in industrial life?

Mr. GOMPERS. But it requires a man so deeply in sympathy with the real, earnest, honest aspirations of the working people; it requires a man who has the experience and the knowledge of the situation of the employers; it requires a man who is in sympathy with the honest, earnest organized labor movement, that among public men I am free to say I have met but very few who meet those requirements.

Mr. THOMPSON. In your opinion, Mr. Gompers, in the making of collective bargains, is it also well, in addition to the thorough and strong organization of the employees, that the employers should also be well organized?

Mr. GOMPERS. Yes, sir; to make the most effective collective bargain.

Mr. THOMPSON. If the commission please, that is all I care to ask.

The ACTING CHAIRMAN. Mr. Barnett?

Mr. BARNETT. No questions, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Gompers, if you will retire now, we will hear from Mr. Emery, and then hear further from yourself and Mr. King afterwards.

TESTIMONY OF MR. JAMES A. EMERY.

Mr. THOMPSON. Mr. Emery, for the purpose of the record will you please give your name, residence, and occupation?

Mr. EMERY. James A. Emery, Washington, D. C., attorney at law.

Mr. THOMPSON. I believe you are connected with the National Association of Manufacturers?

Mr. EMERY. I am.

Mr. THOMPSON. In what capacity?

Mr. EMERY. I am counsel for them and also for a number of other industrial organizations.

Mr. THOMPSON. For what other organizations, Mr. Emery?

Mr. EMERY. I can not enumerate them all—some 200.

Mr. THOMPSON. They are also employers' organizations?

Mr. EMERY. Probably not in the sense in which you use the word. I assume you use that word as meaning an organization composed of employers for the purpose of defense, or whose primary object is the interest of the employer in his relation with labor.

Mr. THOMPSON. Not necessarily. I meant it in the broader sense.

Mr. EMERY. Yes; the greater number are employers of labor in both instances.

Mr. THOMPSON. What is the general purpose of the National Association of Manufacturers?

Mr. EMERY. The general purpose is the promotion of the interests of the American manufacturer. Would you like some description of it?

Mr. THOMPSON. Yes.

Mr. EMERY. The National Association of Manufacturers was organized in 1895 primarily for the promotion especially of foreign trade, and as it grew in years it developed a wider range of interest for the manufacturer, and it deals to-day with practically every phase of social and industrial activity in which the manufacturer as such is interested.

It maintains its headquarters in New York and carries on an extensive foreign department. Those who might have more interest will find a very interesting account of it in the Saturday Evening Post of two weeks ago by Mr. Forest Crissey, who is writing a series of articles on trade organizations, and in that he speaks of this as the largest trade organization in the world, and he gives a most interesting account of trade organizations.

The National Association of Manufacturers provides for the shipment of freight of every kind for its members. It has a department of translations, in which the foreign correspondence of manufacturers can be carried on in some 30 languages, letters being received and translated and others written. It has some 2,100 correspondents in all the chief commercial centers of the

world, who keep it informed as to trade matters for the benefit of its members. It has a foreign collection bureau and a domestic collection bureau, and a shipping and transportation bureau. It has an extensive system of inspection for its factories. There is attached to it as a subsidiary organization a mutual fire insurance company, for the benefit of its members, and of course it informs its members as fully as it can on all questions of interest to the manufacturers. For instance, all questions which would develop in relation to the conditions under which manufacturers do business in every State in the Union, as well as in every foreign country.

The legal department attends to all the questions that necessarily arise under those circumstances. It keeps track of all legislation of the States and in the National Legislature, of interest to manufacturers. It informs them fully as to their terms and meaning. It represents them in opposition to such legislation as they oppose, and in the promotion of such legislation as they express formal interest in. There is practically no matter that would inform a manufacturer concerning conditions in the trade at home or abroad, and practically no questions of interest to the manufacturer of which it does not undertake to keep abreast.

In the last five years it has carried on a very extensive movement for accident prevention and workmen's compensation. It was the first large organization in this country to take up that work, and it made extensive foreign investigations as to the practical operation of workmen's compensation laws abroad and methods of accident prevention, and from this experience it has undertaken to apply the fruits in this country, subject to the modifications that exist in our differing forms of work. We have a standing committee in charge of that work, and a continuous inspection is going on of the factories of all our members with respect to increasing the facilities for the prevention of accident, and the inculcation of those habits which most readily and powerfully lead to accident prevention.

In addition to that, there is a very wide range of educational work carried on in connection with that and other subjects. Practically every shop of the members of the national association has been visited during the last four years by lecturers, who, through moving pictures and a form of address, have undertaken to enlist the cooperation of both employers and employees in the movement for accident prevention and vocational education. We have spent very large sums of money in that work, and have a very large staff carrying it on, and the films which have been made for the purpose of strikingly depicting these efforts and principles to the eye have not only been used among the employees or members of the association, but they have been generally at the service of public bodies of any kind or character in any part of the country that were interested in the subject, and those lectures on those subjects have been carried on before commercial and manufacturers' associations in every part of the country.

Mr. THOMPSON. I presume that among these activities you mention the relation of employer and employee have received the attention of the National Association of Manufacturers?

Mr. EMERY. Very decided attention; in the last 10 years, notably. Much attention was not paid to that at first, but it became more and more a subject of discussion in conventions and meetings, and from 1903 or 1904 it may be said to have been one of the dominant questions in the life of the national association, and the association has expressed itself very vigorously with regard to the principles which it believes ought to underlie the relations of employer and employee, and has undertaken by every legitimate means to defend those principles against attack.

Mr. THOMPSON. In your position as attorney for the association, have you had much to do with what is called the labor problem?

Mr. EMERY. Yes; I have. I have been, I hope, a very constant student of it. I have had a very keen interest in it, and I have endeavored, so far as I could, to study every feature of it that came within the limits of my observational experience.

Mr. THOMPSON. Has the National Association of Manufacturers laid down any rules with reference to the subject of collective bargaining?

Mr. EMERY. No; it has not. It has been a frequent subject of discussions in various conventions, and on various occasions; but the National Association of Manufacturers is not an organization for the purpose of representing its members in their dealings with labor, organized or unorganized. It has nothing to do with the making of their individual relationships with their employees, but

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It has expressed its opinions upon those subjects, and its general conclusions have been stated in the form of certain principles which were adopted in 1903, and which bear upon that as upon all other features of the relationship between employer and employee. If you should like it, I should be very glad to read those principles.

Mr. THOMPSON. I should be pleased to have you do so.

Mr. EMERY. These principles were adopted at New Orleans in 1903, and have been reaffirmed at many subsequent conventions of the National Association of Manufacturers, and fairly express the general opinion of the association on what may be termed, generally speaking, the relations of employer and employee, apart from merely legal questions.

These principles are as follows:

PRINCIPLES AND PLATFORM ADOPTED AT THE NEW ORLEANS CONVENTION OF THE NATIONAL ASSOCIATION OF MANUFACTURERS IN 1903.

1. Fair dealing is the fundamental and basic principle on which relations between employees and employers should rest.

2. The National Association of Manufacturers is not opposed to organizations of labor, as such, but it is unalterably opposed to boycotts, blacklists, and other illegal acts of interference with the personal liberty of employer or employee.

3. No person should be refused employment or in any way be discriminated against on account of membership or nonmembership in any labor organization, and there should be no discrimination against or interference with any employee who is not a member of a labor organization by members of such organization.

4. With due regard to contracts, it is the right of the employee to leave his employment whenever he sees fit, and it is the right of the employer to discharge any employee when he sees fit.

5. Employers must be free to employ their work people at wages mutually satisfactory without interference or dictation on the part of individuals or organizations not directly parties to such contracts.

6. Employers must be unmolested and unhampered in the management of their business, in determining the amount and quality of their product, and in the use of any methods or systems of pay which are just and equitable.

7. In the interest of the employees and employers of the country no limitation should be placed upon the opportunities of any person to learn any trade to which he or she may be adapted.

8. The National Association of Manufacturers disapproves absolutely of strikes and lockouts and favors an equitable adjustment of all differences between employers and employees by an amicable method that will preserve the rights of both parties.

9. The National Association of Manufacturers pledges itself to oppose any and all legislation not in accord with the foregoing declaration.

Mr. THOMPSON. Referring to paragraph 5 of this declaration of principles by the National Association of Manufacturers, which says: "Employers must be free to employ their work people at wages mutually satisfactory without interference or dictation on the part of individuals or organizations not directly parties to such contracts," what is intended or what should be understood by that declaration with reference to "organizations not directly parties to such contracts"? Would that eliminate the ordinary trade-union—

Mr. EMERY. No, sir.

Mr. THOMPSON (continuing). From a part in the making of a contract with the individual?

Mr. EMERY. No, sir.

Mr. THOMPSON. What is to be understood, then, from that language?

Mr. EMERY. I assume that they had in mind especially the interference of organizations other than the one of which the workman dealing with the particular employer was a member.

Mr. THOMPSON. Then, under that declaration, if a teamster were to be engaged by a member of the National Association of Manufacturers, and he belonged to an organization of teamsters, it would be permissible for him to deal with the employer through his organization?

Mr. EMERY. Certainly; subject to the principles there stated. Those principles are to be taken as a whole and not separated from each other.

I do not wish to be misunderstood. I mean by that that there is no opposition, so far as I know, among members of the National Association of Manufacturers, to the principle of collective bargaining. There are many members of the association who deal with their employees collectively, and the association has never at any time interfered with the action of its members in that regard, but it has opposed the making of an exclusive collective bargain which meant the establishment of what we term a closed shop.

Mr. THOMPSON. But otherwise this section 5 is not to be understood or read as preventing collective bargaining?

Mr. EMERY. Not as expressing an opinion in opposition to it; no, sir.

Mr. THOMPSON. From your study of this question of collective bargaining and from the experience you have gained in your position as counsel for the National Association of Manufacturers, do you believe that an individual can fare as well with reference to his wages, hours of labor, conditions of work, if he deals individually with the employer as he would if he should deal collectively with him?

Mr. EMERY. It depends entirely upon the size of the employer with whom he deals.

Mr. THOMPSON. I mean generally speaking.

Mr. EMERY. Generally speaking, it depends upon the quality and character of the employer and his size. To illustrate what I say, I heard Mr. Gompers's very interesting illustration here, which he presented with characteristic extremity. It is true, what he said as to the individual having little chance in making an individual bargain with the United States Steel Corporation, but it is just like talking about a plumber over on F Street here having a little shop—a small employer, who employs two or three men—dealing with the plumbers' union. The small employer is at the same disadvantage in dealing with the union. I assume that if all the employers of men in this country were taken together it would be found that the average employer employs between 5 and 10 men. I merely take those figures from estimates that I have heard made by many manufacturers, both large and small. While it seems quite true that the individual laborers would be at a decided disadvantage in dealing with a large manufacturer, it is equally true that the small employer is at a decided disadvantage in dealing with a large union; and while it is true that the individual wage earner may be both poor and somewhat weak, it is equally true that collectively he is rich and powerful, which is illustrated by the influence exerted by many large labor organizations and by the very fortunate conditions of their treasuries; and it is equally true that there are many employers of labor who are as much enmeshed by the situation in which they made their contracts as any individual laborer could be. Mr. Bradstreet tells us that about 5 per cent of the men who engage in manufacturing industries succeed. The remainder fail. So that the roadway of the manufacturer is by no means of high success and certainty.

Mr. THOMPSON. Mr. Emery, if it is true that the small employer is in the aggregate the large employer of the country, and if it is also true that the small employer is weak in dealing with the workmen who are organized, then it would naturally follow, would it not, from the standpoint of the workman at least, that for him to deal collectively with the employer would better his condition?

Mr. EMERY. Yes; in many cases.

Mr. THOMPSON. I mean as a general proposition?

Mr. EMERY. Well, that is an abstract question that would have to be divided probably into several considerations to admit of a positive answer, a categorical answer, at least.

Mr. THOMPSON. Would you mind dividing it?

Mr. EMERY. Certainly. I think there are a great number of workmen in this country, and the higher you go in the scale of efficiency the more you find of them who dislike to surrender their earning power to an organization that makes its bargain for them. I think your inquiry is directed to this question, because the market for labor, particularly in skilled trades, is always under-supplied.

So far as I know, the demand for men highly skilled, men capable of filling the positions of foremen and superintendents—I am speaking of skilled labor—is never satisfied, and I know personally from many manufacturers that I have come into contact with that there is always a pressing need and demand expressed for the higher forms of skill, both in the individual work-

men and for men capable of being foremen and for leadership and for constructive purposes, and especially for the increase of efficiency of the plant generally, because the intelligent and progressive employer realizes that that is the way to secure efficiency in competition, not only within the surroundings of our own Nation, but over the face of the earth, and that it is the efficient nation who owns the markets of the world. So the desire of every employer is to cultivate by every means in his power the efficiency of his men, and I think he realizes as keenly as any element in our community possibly can the enormous opportunity that good feeling between employer and employee has in producing this necessary condition of success.

Mr. THOMPSON. Then, as I understand it, if you were an employee of the ordinary and usual industries of this country, looking for a job and seeking to do the best for yourself that you could, you would be in doubt as to whether it was advisable, in order to accomplish that purpose, to join a union or to become organized or not?

Mr. EMERY. It would not depend upon that consideration alone. Peace for myself and my family might induce me to do many things that my industrial progress would require.

Mr. THOMPSON. But taking those conditions, without any other considerations, that would be your idea?

Mr. EMERY. It would depend upon the trade I belonged to.

Mr. THOMPSON. I mean eliminating both the advantages and disadvantages that would come to you?

Mr. EMERY. Yes.

Mr. THOMPSON. Eliminate the necessity of joining a union in order to get a job.

Mr. EMERY. Yes; and I think I would be supported in that opinion by many, many millions of my intelligent and practical fellow citizens.

Mr. THOMPSON. I take it that you mean but a small percentage of the workers are organized?

Mr. EMERY. The percentage of unorganized is much greater than organized, and in view of the active missionary campaign of organized labor there must be excellent reasons for so many remaining unorganized.

Mr. THOMPSON. That rather implies, I take it, that you consider the people unorganized have seriously considered the question of organization and have the means of forming an organization, but, having that door open to them, have decided that on the whole it is best not to do so?

Mr. EMERY. That is a conclusion I naturally form from the conditions which I observe all about me.

Mr. THOMPSON. Then we are to understand, as I said before, that you have no opinion as to the merits or demerits of collective bargaining from the standpoint of the employee, no general opinion?

Mr. EMERY. On the contrary, if I were looking at the matter from the standpoint of the employee, I see many advantages in collective bargaining, a great many indeed, and I should certainly be guilty at least of having suffered a miscarriage of interpretation if I permitted you to believe that I was personally opposed to collective bargaining or that my experience was against it or that I did not recognize it to be not only of importance, but a very essential feature of our modern life in many instances.

I would say that it is very difficult—collective bargaining, without referring to it with the approval or disapproval which I would give it—depends entirely upon the principles which underlie the proposal. If you say, for instance, the form of collective bargaining that is presented in what I regard the best statement ever made upon that subject, in the report of the Anthracite Coal Commission of 1902, I would say not only for myself, but the great body of manufacturers I personally have been in contact with, they accept practically almost unreservedly the opinions there expressed and would indorse the form of collective bargaining with the principles underlying it that was so satisfactorily outlined in that place.

Mr. THOMPSON. Could you briefly state in your own language what that form is and what are the commendable features of it which you indorse?

Mr. EMERY. The most important, to my mind, is that found under the ninth finding of the commission. You will, of course, recollect that both employers and employees were represented on this commission, unorganized employers, I believe, and organized employees, in person by E. E. Clark, now of the Interstate Commerce Commission. The most important principle there stated is this:

"It is adjudged and awarded that no person shall be refused employment, or in anyway discriminated against on account of membership or nonmembership in any labor organization; that there shall be no discrimination against or interference with any employee who is not a member of any labor organization by members of such organization."

I regard that as the most important, and a most fundamentally important principle. Of course, there are no such questions arising here as to the restriction of product or restriction of apprentices; no issues of that character were presented.

On the other hand, I should hesitate very much, it seems to me, to engage in any collective bargaining in which this section was embraced as part of it, part of the governing law that was to rule. I read from the constitution and by-laws of the Glass Bottle Blowers' Association. This agreement covers the 1913-14 blast:

"A member who encourages or assists in any manner, either directly or indirectly, any foreign glass blower to come to the country shall, upon conviction, be fined not less than one hundred dollars and be suspended from work for one year."

"Clause 25. No foreign glass blower shall be admitted into the association during the blast of 1913-14. But the national president and executive board shall have power to admit such when deemed necessary, and an initiation fee of five hundred dollars (\$500) imposed; one hundred dollars (\$100) to be paid down at initiation and 50 per cent of his earnings to be paid into the association until the whole amount is paid."

Commissioner O'CONNELL. What year is that?

MR. EMERY. 1913. The blast of 1913-14 is now in force. It would seem to me, since you have asked me as an employee, that I should somewhat hesitate to become a member of the typographical union if I were required to take this obligation, part of which reads as follows: "That my fidelity to the union and my duty to the members thereof shall be in no sense interfered with by any allegiance that I may now or may hereafter owe to any other organization, social, political or religious, secret or otherwise."

I am reading article 12, section 1. That complete clause is part of the common obligation given to members.

I simply speak of this to illustrate my answer to your inquiry as to whether I would be a member of this or that organization, and I would say that it depends entirely on the conditions attached to the membership, and to the prospect of employment. I would not be misunderstood for a minute in either questioning the necessity, propriety, and the enormous social and individual value of the organization of the workingman. What I discuss now, when you ask that question, is perhaps a criticism of features of it which seem to be intertwined with the movement among organizations, which seems to me subject for a proper criticism.

MR. THOMPSON. Let me see if I can state your position, as I get it at least, that where the making of a collective bargain with the employer automatically incorporated into that agreement detrimental conditions or clauses such as those you have named, naturally being in your opinion a bad agreement, you would not make it?

MR. EMERY. No.

MR. THOMPSON. But that if an agreement to be made between the parties had no detrimental features such as those you have named, or anything similar, you would then believe in collective bargaining?

MR. EMERY. When you say "detrimental," that may either be a question of principle or of policy. A question of policy, of course, can be readily corrected by change; a question of principle, of course—

MR. THOMPSON. I am trying first to get at the pure question as to whether, from the standpoint of the employer, or the standpoint of the employee, collective bargaining is a good proposition to go on.

MR. EMERY. Yes.

MR. THOMPSON. Then, we can eliminate from that such cases of collective bargaining that we would not agree to. Do you believe in a general principle of collective bargaining between employer and employee?

MR. EMERY. Yes; I think it an excellent thing in many cases. I think the smaller the employer the more difficult position he is in, and the larger the employer the more difficult position the individual employee would be without it.

MR. THOMPSON. You have read from the glass blowers' constitution and by-laws. What has the introduction of a man in the glass blowers' trade, which

has made that more or less an automatic proposition, had to do—or, change the form of the question, Is it possible that the introduction of such a man had the effect of throwing or tending to throw a great many men out of employment in the glass blowers' trade?

Mr. EMERY. Yes; I have heard that.

Mr. THOMPSON. Men who have heretofore been recognized as highly skilled men and who have devoted their lives to learning their trade and becoming skilled at it; that therefore under such conditions it was necessary for the union men to protect the livelihood of themselves and their families by introducing just such clauses in the by-laws so as to take into consideration the introduction of such a machine to the world all at once would seem like restrictive conditions which were unbearable and unjust; if the introduction of those clauses was caused by the introduction of such a machine, would that mitigate your view of such clauses?

Mr. EMERY. It would not mitigate the condition of a person who did not happen to be a member of the union, and was equally under the necessity of supporting his wife and children.

Mr. THOMPSON. Do you know of any union in which the system of collective bargaining which you commend has been enforced?

Mr. EMERY. You mean in which the right of nonmembers of the organization to belong is recognized?

Mr. THOMPSON. Yes.

Mr. EMERY. A great many. Brotherhoods are, of course, the most striking examples, and there are many others. For instance, the street railways of Boston have just entered into arrangements, or have just made a collective bargain with the Amalgamated Association of Street Railway Employees, which is a member of the American Federation of Labor. The first clause in that collective agreement provides practically for a principle that is here recognized in the Anthracite Coal Strike Commission, and, of course, when I read you from that, I brought to your attention by that fact an agreement entered into which covered all the coal miners whom Mr. Mitchell so ably represented here the other day.

That principle is still recognized, although I heard Mr. Mitchell say the other day that a man was expected automatically to become a member of the union. The Amalgamated Association of Street Railway Men has just made this arrangement with the Boston Elevated, and the first provision of the agreement recognized that condition. I have here a number of agreements with stationary engineers in which that arrangement was made, and I know the members of our own association, quite a few of them, who have collective bargains in which they decline to exclusively employ the members of the union with which they deal, but in other respects recognize them as to hours, wages, and working conditions, and deal with their representatives, and in all respects treat them as the agents or authorized representatives of the men, but not as the exclusive source for their labor supply.

Mr. THOMPSON. In referring to the question of collective bargaining, I have not necessarily inferred that it must be with the union.

Mr. EMERY. Sir?

Mr. THOMPSON. In considering the question of collective bargaining, I have not implied that it must necessarily be with organized trade or craft, but rather, as a whole of the employees of the factory or employees generally in a line of industry; following that out, however, and your answer—

Mr. EMERY. Your question, if you will pardon me, was, of course, whether or not I knew any organization maintaining collective bargaining of the type to which I have alluded.

Mr. THOMPSON. Following out the last answer which you gave, or at least apropos of it, if you were a miner working in the anthracite coal region, would you be inclined to join the union because of benefits you might thereby derive—I do not mean to escape violence, but for the benefits you might derive, would you be apt to become a member of the union?

Mr. EMERY. Yes; I might.

Mr. THOMPSON. If you were a trainman, Mr. Emery, on some of the railroads where there are brotherhoods, the brotherhoods you spoke of, would you be inclined to join those organizations and deal collectively with the railroad company, or would you be inclined to remain an individual and deal individually?

Mr. EMERY. It is very difficult to answer that question from my standpoint. I might and I might not, according to the circumstances. I would take com-

plete personal responsibility for what I did. I could answer you very fully in the terms of the Anthracite Coal Strike Commission if you would like to hear it. They answered that question very completely and I think very satisfactorily, and that report was signed by Mr. Clark.

Mr. THOMPSON. I will be pleased to have it.

Mr. EMERY (reading):

"The union must not undertake to assume or to interfere with the management of the business of the employer. It should strive to make membership in it so valuable as to attract all who are eligible, but in its efforts to build itself up it must not lose sight of the fact that those who may think differently have certain rights guaranteed them by our free Government. However irritating it may be to see a man enjoy benefits to the securing of which he refuses to contribute, either morally or physically or financially, the fact that he has a right to dispose of his personal services as he chooses can not be ignored. The nonunion man assumes the whole responsibility which results from his being such, but his right and privilege of being a nonunion man are sanctioned in law and morals. The rights and privileges of nonunion men are as sacred to them as the rights and privileges of unionists. The contention that a majority of the employees in an industry, by voluntarily associating themselves in a union, acquire authority over those who do not so associate themselves is untenable."

Of course, your inquiry is naturally predicated upon the assumption implied behind your question that I might find it valuable to join the union. I might and I might not. I should insist upon the recognition of my right to pursue my own happiness and to make my living for myself and family in either case as I saw best, and I regard that as a most fundamental principle in this whole controversy.

Mr. THOMPSON. Then you have no opinion now as to whether it would be valuable to join one of the brotherhoods on the railroads or not?

Mr. EMERY. It is a question of policy, and if I were in that condition I should form my judgment in the light of the facts. I should think, under all the circumstances, I would be very strongly tempted to do it. That is purely hypothetical, like your questions.

Mr. THOMPSON. Referring to the question of conciliation and arbitration, have you given that subject any thought and consideration?

Mr. EMERY. Yes, sir.

Mr. THOMPSON. What is your opinion regarding it, and particularly with regard to the forms of arbitration. You have heard the discussion we have had here in the last several days?

Mr. EMERY. Yes.

Mr. THOMPSON. What have you to say about it?

Mr. EMERY. I regard mediation and conciliation, of course, as merely various forms of preliminary steps for getting the employer and the employee together; in other words, to remove the many irritating causes of friction and to get them into such an equable state of mind that they are in a rational condition to understand each other's proposals and to deal with them. I think that arbitration is a very proper thing to resort to on all questions of fact and on all questions of interpretation of agreements where such exist. Naturally, I do not believe you can arbitrate principles to which each may be committed, because a principle that ought to be defended is a principle that can not be arbitrated. That is true between individuals under our form of government, because, I assume, our discussion is being conducted on the realization that we are citizens of a republic in which certain fundamental rights are recognized and ought to be recognized, since they represent the progressive development of our race through many centuries.

As to the form of arbitration, I am very strongly inclined to agree with Mr. Gompers that the parties outside of the arbitrator are superfluous, except for this reason: That I think, in all forms of arbitration in which each person chooses one and the two chooses a third, naturally the third person chosen would have to be satisfactory to those two, each of whom are really attorneys for an interest. They represent those who chose them and they are generally possessed of special information that will correct the arbitrator at every step in the course of his opinion. I thoroughly believe in the establishment of an arbitrator, because, while I heard the objections previously made here, it seemed to me such objections run to the establishment of a judicial system. It is absolutely impossible—of course, abstractly speaking—to find an individual who possesses the impartial attitude of the Divinity. All men are human, subject

to prejudice, error and bias, and "All the idols of the tribe," as Lord Bacon called them; but we do succeed in arbitrating the most important questions that the individuals are compelled to deal with, and for that reason we have a judicial system, however it may be criticized, and it has even been possible for nations to arbitrate their great difficulties; so it seems quite possible that, humanly speaking, we can find an individual with so much of the divine spark in him that he can possibly pass upon questions of difference between individuals, even in a labor controversy.

MR. THOMPSON. Apparently you and Mr. Gompers agree on the question of arbitration, not only on the compulsory side of it but on the other side of it.

MR. EMERY. I do not believe in compulsory arbitration, but I very strongly believe in certain forms of compulsory investigation. I believe it would be a very valuable thing if we had in this country a direct organization, of the executive, for instance, to investigate labor controversies which interfere with the movement of the mails, with the movement of the civil or military forces of the United States, or which interfere with the freedom of intercourse between the States. There could be no question of jurisdiction to make such an inquiry, and when controversies assume such magnitude that they do interfere with those important relationships, they are touched with a public interest which affects the life of the Nation. The development of our material civilization has made our communities more and more interdependent. You can starve New York to death in three days. You can shut off communication with any of the great centers of population in this country and reduce them to a state of subjection equal to the result of a prolonged siege. They are unprepared for it, because the development of large cities, and the specialization of our industries have led to communities with rapid means of communication and transportation that depend upon far distant points for their daily supply of food, clothing, etc., and for all their raw materials upon which the great productive industries are dependent. To keep these going is essential to the maintenance of the whole civil structure, and of all forms of material production upon which the whole life of this Nation is dependent. When any controversy assumes a magnitude that it interferes with these, the safety of the public demands that protection should be given to the maintenance of that intercourse. Of course, under the laws as they exist we have perhaps an adequate protection against forms of assault which have not become through, I think, improper consideration, more or less privileged.

MR. THOMPSON. Are you acquainted with the Canadian industrial disputes act of 1907?

MR. EMERY. Generally; yes, sir.

MR. THOMPSON. Would you be in favor of such an act in this country?

MR. EMERY. No; I would not. There is, of course, a difference in our fundamental organic law which raises objections which seem to me insuperable on the one hand, and I do not think the Canadian act can be enforced as it reads, and I think those who administer it realize it most keenly of all. It has undoubtedly, practically speaking, brought about many good results in Canada, because it has, by the very nature of the penalties which it imposes, acted as a preventive, inasmuch as it excited the minds of both employer and employee to a realization of the high value put upon their relationship by the State. But I think that what Burke said a century ago applies almost equally well to-day. You could not indict the Nation then. You can not imprison a union of employers or employees.

MR. THOMPSON. If the commission please, that is all I care to ask Mr. Emery.

The ACTING CHAIRMAN. Mr. Emery, will you allow us to call Mr. King and Mr. Gompers again, and then we would like to recall you for further questions which the commissioners desire to ask?

MR. EMERY. Certainly.

The ACTING CHAIRMAN. If so we will hear from Mr. King again at this time.

TESTIMONY OF HON. W. L. MACKENZIE KING—Recalled.

The ACTING CHAIRMAN. Mr. King, there were doubtless some remarks which you would like to either criticize or rebut, in the statement of either Mr. Gompers or Mr. Emery.

MR. KING. I would like to say, first of all, that I agree wholly with Mr. Gompers, and I think also with Mr. Emery, in saying that I am very strongly opposed to compulsory arbitration. I do not think that any group of men, either employers or employees, should be compelled under penalties to continue under

a certain condition of employment against their own free will, and what they conceive to be their interests. On the other hand, I think that Mr. Gompers, in linking compulsory arbitration and compulsory investigation together, if he did so—I am not quite sure whether he did or not, but I infer from his remarks that he did—is not aware that such a linking may be misleading.

As I regard compulsory arbitration, it is a means of compelling people to continue employment under certain conditions whether they wish to or not. Compulsory investigation, as proposed by the Canadian act, does not do anything of the kind, as far as I am able to see it. All that compulsory investigation does under the Canadian act is to substitute another means of obtaining justice than that of the strike. If I am right in the interpretation of the motive that working men have in striking, it is that they conceive that is the last resort left to them to obtain what they believe to be justice. Mr. Gompers says it is slavery for a man to have to give up certain rights. It seems to me it is slavery for any body of men to be compelled to give up the right of earning their own living in order to obtain justice if the State can find any means of affording them justice other than that extreme measure. I think that such a means has been found in compulsory investigation.

Commissioner O'CONNELL. About what period of time is required under that act? For instance, if a case were sent to the proper officer, how long does it take to select the board?

Mr. KING. The law fixes three days unless special cause is shown, and then it may be extended to five days.

Commissioner O'CONNELL. How long does it take for the operation of the whole proposition?

Mr. KING. I think, taking the average of all the cases that we have had in Canada, it would be found the boards would average something like 20 days from the time the application was put in—20 or 25 days. I do not know of any board, except by consent of the parties themselves, where the inquiry has run on longer than a month.

Commissioner O'CONNELL. The decision of the board would be rendered within that time?

Mr. KING. Yes.

Commissioner O'CONNELL. Have you knowledge of an affair that occurred on the Grand Trunk Railway system between the shop men and the company some two years ago?

Mr. KING. Yes.

Commissioner O'CONNELL. Have you any idea of the time that was occupied there?

Mr. KING. There, I think, there was quite—

Commissioner O'CONNELL (interposing). I think they ran along over the better part of a year.

Mr. KING. It ran along quite a time.

Commissioner O'CONNELL. The real cause for which the proposition was brought up had really passed away by the time the report of the commission was made. In other words, it died at the start.

Mr. KING. I am not quite sure of that.

Commissioner O'CONNELL. Is it not possible that under the plan a cause, for instance, that would bring up an investigation might be such that there would be a lapse of time sufficient for the cause to have disappeared entirely by the time the reports have been made?

Mr. KING. If I believed a thing of that kind were likely to happen I would put a clause in the act in a moment saying any inquiry that extended over a period of 30 days should terminate at that time.

Speaking of the particular disputes to which you have reference—

Commissioner O'CONNELL (interposing). I had personal intercourse with it, and that is the reason I know it had passed away.

Mr. KING. I may be wrong in the view I hold in regard to it, but I think there were motives other than purely economic motives in connection with that desire that accounted for the length of time that it took. I do not know that I wish to say more than that about it.

The ACTING CHAIRMAN. Have you any questions, Mr. Lennon?

Commissioner LENNON. I just want to ask one question. Under the act is the penalty as imposed, say, on the workingman, of a \$10 fine, enforceable? Suppose they refuse to pay, what happens?

Mr. KING. If the penalty is imposed and they refuse to pay it, I think the State will take such means as it has at its disposal to collect the money.

Commissioner LENNON. That is to say, they may be subject to imprisonment?

Mr. KING. Yes.

Commissioner LENNON. That is all.

Mr. KING. In regard to that feature, speaking of the imprisonment feature, personally I have as little love for that meaning of dealing with any question as I am sure Mr. Gompers has. If the act had been used in any way, or if there were any indication it was likely to be used as a means of compelling or insisting upon men acting contrary to what were their own interests, I imagine that clause would have been repealed long before this. It really has worked out nominally rather than really, inasmuch as the penalty is put on to compel a man to do a thing which experience has shown is in his own interest, namely, to have a grievance investigated. That is where the application of the penalty comes in—his unwillingness to submit to investigation, in the investigating of which they themselves have the choice of an investigator, and that being the case, and the award not being binding on the parties, the penalty end of the act is a very small affair. It hardly enters into consideration.

Commissioner LENNON. Then the fine was really imposed because they struck contrary to the law?

Mr. KING. That would be the reason; yes.

Commissioner LENNON. And that was the case in the one you cited when you were on the stand before?

Mr. KING. Yes.

Commissioner LENNON. That is contrary to the law, they did not wait for investigation, and they were fined for striking, that is, they were fined for quitting work?

Mr. KING. Yes.

Commissioner LENNON. That is all, Mr. Chairman.

Commissioner DELANO. Mr. King, I understand from your point of view on this subject that you recognize that the public, who may be entirely ignorant of the claims of the contending parties in an industrial dispute, have a right to demand that there shall be a cessation of any hostilities until they shall have been informed of the facts?

Mr. KING. That is the basis of the whole act. I was going to mention that in the discussion here before, as I have listened to it, the entire discussion seems to have been confined to the two parties to the industrial dispute. Nothing has been said about the rights or obligations of the third party, which is the community as a whole; and the Canadian act proceeds on this basis, that neither would capital be able to gain dividends nor would labor be able to gain wages unless it were for what the community, organized as a community, does for both. In other words, Government maintains law and order; it makes possible the development and organization both in labor and in capital. It enables modern industrial society to be carried on under the methods in which it is carried on, and therefore makes possible to each whatever gains are made. Now, if that is true, certainly something is owing to society in return, whereby the community shall not be adversely affected where it is not in fault one way or another, and the Canadian act proceeds on that line, that the public are to be given an opportunity to know, in regard to something which affects the public, the right and wrong of the situation.

There is this further feature. Mr. Emery, I think, cited Burke; I should like to cite Burke, too. Burke said somewhere that justice was the common concern of mankind. That being so, an act of this kind is framed with the view of enabling the public, which is mankind, to know in regard to the justice of the situation, and bring public opinion to bear on the side of the party that is in the right. That is the underlying motive of it.

Commissioner DELANO. And it is on that basis that you do not think that it is either unfair or in any sense slavery either to the employer or to the employee to compel him to hold his hand for 30 days while the investigation is being made?

Mr. KING. Perhaps I should put it in this way: It all depends on what the alternative is that is presented. If the Canadian act said "We will prevent you from striking and locking out," and presented no alternative, I would agree with my friend Mr. Gompers that that was taking away a right from people; but if on the other hand they say "In consideration of your holding your hand we will give you an alternative method which we think will enable you to obtain justice in a better way than through a strike or a lockout, and

you are not to strike until you have taken advantage of it," then it seems to me you have substituted a wider liberty rather than helped to enslave people.

I will put the case concretely. Take it in regard to the strikes on street railways. We have had, since this act went into force, one street railway strike in the Dominion of Canada, in all the cities and towns. That strike lasted about 10 days, in Winnipeg. But before the act went into effect there were strikes on all the street railways going on all the time in some of the cities in the Dominion. In estimating the value of the act and the amount of the slavery or withholding of rights that was involved, one has to ask the question, Are the workmen connected with the industry to-day in as good a position or in a better position, by virtue of having had this system of investigation, to obtain their rights; are they in a better position than they would have been under the old system of simply having to strike for them? What we do is this: We say to a body of men, assuming there was a strike going on in the city of Washington, on the street railways, "You choose anyone you please, Mr. Gompers or anybody else you wish to represent you, and we will give Mr. Gompers, by the State authority, a right to look into the books of this company, and we will give him the right to examine any witness he pleases, whether the manager of the corporation or the president or anybody else, and we will give him the right to have a choice as to the chairman, and we will give you the right to appear before this tribunal by anybody you wish as an advocate, your own trade representative or any person you like, and you can make out your case before the public in that way, and if after all that has been done, the board is unable to do you justice in the situation, then you are free to strike or lock out;" if a substitute of that kind is provided, I fail to see where we are introducing anything approaching slavery to an industrial worker. What you give as an alternative must be considered in comparison with what you take away.

Commissioner DELANO. That is all.

Commissioner WEINSTOCK. From the statement you made, Mr. King, 13 per cent of the disputed issues ended in strikes, and 87 per cent were settled without cessation of work. Is that right?

Mr. KING. Yes, sir.

Commissioner WEINSTOCK. The claim is made that the percentage of amicable settlements by voluntary conciliation in this country far exceeds the percentage of peaceful Canadian settlements under this act. Have you looked into that at all.

Mr. KING. The settlements by voluntary conciliation, including all of the trades of the country?

Commissioner WEINSTOCK. Yes.

Mr. KING. I can not believe that that is the case.

Commissioner WEINSTOCK. Commissioner O'Connell was my authority for that.

Commissioner O'CONNELL. What was that? I did not hear you.

Commissioner WEINSTOCK. The statement is that the percentage of peaceful settlements by voluntary conciliation in this country far exceeds the percentage of peaceful settlements under their act.

Commissioner O'CONNELL. I have not discussed the matter with you at all.

Commissioner WEINSTOCK. Perhaps it was Mr. Lennon, then, from whom I got that.

Commissioner LENNON. No; it was not.

Commissioner WEINSTOCK. Somebody made that statement.

Commissioner DELANO. That statement was made on the stand by some witness.

Commissioner WEINSTOCK. I had forgotten who made the statement; but is that in harmony with your knowledge of conditions, Mr. King?

Mr. KING. I could not say how many settlements have been effected in this country by voluntary conciliation. Without knowing the exact number I would hesitate to express an opinion.

Commissioner O'CONNELL. I do not think there is anyone living who does know.

Commissioner LENNON. I am willing to back up the statement. I do not know who made it, but it is a fact.

Commissioner WEINSTOCK. In your judgment it is a fact?

Commissioner LENNON. Yes.

Mr. KING. Of course, there is this to be considered in addition: That the settlements under the Canadian act do not begin to represent the number of settlements that may have been made by voluntary conciliation.

Commissioner WEINSTOCK. Outside of the act?

Mr. KING. Yes; and the fact that the act is there is one of the strongest weapons for producing voluntary settlements. I may mention something that was told me by one of the largest manufacturers in Canada on that point. He said, "But for the existence of that act we would have let our men strike, and we would have fought and beaten them, but knowing that under the act we would be compelled to submit to an examination of all of our books, and that many things would have come to the knowledge of others that we did not wish to be known, we settled with the men voluntarily instead of otherwise," and I think a very large percentage of the differences may be voluntarily settled in Canada, a very much larger percentage than are settled under this act. In fact, this act does not go into operation at all until one of the parties is in position to make his affidavit that but for an investigation a strike will take place. This figure only represents the cases that can not be settled voluntarily. Not all the cases that may come up are settled under the act.

Commissioner WEINSTOCK. It is like an act of last resort.

Mr. KING. It is an act of last resort. It is to prevent the necessity of stopping men from working and earning support for themselves and others. They have to go through this process, and then after that they may strike if they wish, but it gives to them that interval.

Commissioner WEINSTOCK. Some one has said that you can not imprison a union. If a trades-union should strike and violate the law how would that condition be dealt with by the Government?

Mr. KING. I presume that individuals would be proceeded against for violation of the act, if any person cared to lay an information.

Commissioner WEINSTOCK. The initiative is not taken by the Government?

Mr. KING. No; that is a feature that I can not bring out too strongly. The opponents of this measure dwell constantly on the necessity of penalizing, whereas in the experience of seven years it has been shown that the penalty end of it is hardly a consideration with the public or anyone, and the possible questions of difficulty that might arise do not arise in practice.

Commissioner WEINSTOCK. To the best of your knowledge and belief if a referendum of this act was made to the workers of Canada how do you think they would vote on it?

Mr. KING. The answer I might give to that would be one that was recently made by Sir George Asquith when he was in Canada. He came over from the old country, and he met the employers and the men and the public to find out how they viewed the act, and he presented his report to the British Government, and, as I recall it, it was very strongly an indorsement by all the parties who had been under it.

Commissioner WEINSTOCK. Would the act, in your judgment, be as successful as it has been if there were no penalties attached to the act and if the plan outlined in the Newlands Act was followed, which does not provide any penalties?

Mr. KING. In many ways I would prefer to see an act without penalties, because I really think they are misleading. The penalty to a certain group of men may have a restraining influence. It may prevent sudden and precipitate action, which if developed might result in something serious, and to the extent to which it provides that kind of thing it is helpful, but I think in a great many cases if there was no penalty at all, really if a body of workmen felt that they had justice on their side, they would be only too ready to take advantage of that kind of investigation so as to put their case before the public.

Commissioner WEINSTOCK. Are we to understand from your experience of the past seven years that you would, as the author of that act, having to rewrite it, eliminate penalties?

Mr. KING. I might be willing to do it. On the other hand, I will not say that I could get Parliament to indorse it. The question came up, "Can you secure for workmen their alternative to strike and the opportunity of having a board partially of their own choice, giving them the power of securing, after the inquiry, the right to strike or lock out, as you please—can you secure all of that at the expense of the State without doing anything for the State in exchange?" When it came to considering the representation that there is in the House of Commons, a body two-thirds of the members of which,

I suppose, are from rural communities, and considering the representatives from urban districts who for the most part are not representatives of labor but of capital, it became very apparent to those of us who were in favor of it that we could not get anything unless we had something to give the State in return.

That is the whole basis of that law; it is an endeavor to secure the workmen the right to have their grievances fully entered into, to have public opinion focused on the particular wrong, in the belief that if you can focus public opinion on a wrong, publicity is a more effective remedy for certain classes of industrial evils than any penalty.

Commissioner WEINSTOCK. With a knowledge of the conditions prevailing in the United States, eliminating penalties, how do you think that act would work out in the United States?

Mr. KING. Well, I would hesitate to speak in reference to any one country. I would speak generally, that human nature is pretty much the same the world over, and I can not see why a measure that works successfully among one particular group of men should not work equally successfully among other groups similarly placed.

Commissioner WEINSTOCK. If you were a citizen of the United States, would you advocate the adoption of the plan minus penalty?

Mr. KING. I would advocate with all my heart any measure that will help to gain publicity.

Commissioner WEINSTOCK. You believe that it does gain publicity?

Mr. KING. I do not know of any more effective means.

The ACTING CHAIRMAN. In case you omit the penalty, which I understand is either fine or imprisonment—is that true?

Mr. KING. "Fine" is the way it reads in the act, but if the men can not pay the fine the men are imprisoned.

The ACTING CHAIRMAN. Would not this act resolve itself into substantially what several of our American States have already, in that they have the power of compulsory investigation at any time when they have knowledge that a strike is impending or that it is in progress? I presume you know that we have got a number of States that have that power?

Mr. KING. Yes.

The ACTING CHAIRMAN. In other words, it was not the result of what you could look upon as legislative bargaining; that in order that the unions might get the power of investigation, the unions subjected themselves to fines, and it came about in those various States under the simple power of the States to make an investigation.

Mr. KING. Excuse me. In connection with the States you are speaking of, are there any in which the workmen themselves have the appointment of the man who is going to do the investigating, or is this investigation done at the instance of an official already appointed? That is the essence of the difference in the form.

The ACTING CHAIRMAN. I have a memorandum in general about the various States and the initiation. It is, of course, in this country made by a permanent board of mediators or arbitrators, by the State officially; investigation can be made on the motion of either party, labor or the other; it is supposed to be an impartial investigation by the State of all the facts, with power to bring papers and books to the court. I do not think it is true that the laborer, a private citizen, not having the oath of office, would have the right to question the witness. I think there is that difference.

Mr. KING. That is the essence, really, of the principles underlying justice in our measures, as we see it. Confidence, after all, is the thing to be sought in adjusting industrial differences, and by allowing workmen to choose their own members on the board, and endowing them with power that the judiciary has, we feel we are going much further than has ever been gone in any country that I know of in bringing about a condition of democracy; it brings the judiciary practically down to the people, by allowing them to select the judge by which they are to be tried.

The ACTING CHAIRMAN. Then these laws, where they have the power of investigation, would come out about the same as yours, if, whenever a dispute arises, the State could ask the two sides to appoint their representatives to meet with it, and giving them also the power of questioning witnesses.

Mr. KING. What I have thought is this, in regard to a measure of that kind: If a law were passed which would say to the parties, "In the event of your withholding your hand until investigation has been made, we will give you

the right to name your own members on the board; if you do not withhold your hand we will appoint the board without considering you one way or the other, and simply consider the public."

I believe the effect of such a law would be that in a large percentage of the cases the parties themselves would ask for the board to give them their own method and adopt that method before they went into strike or lockout.

The ACTING CHAIRMAN. Of course the other side might take immediate action in order to get immediate results; that is, the employer can fire all the men if he thought he had the right, or the employees might all strike at once if they thought the employer was going to get ready to bring in strike breakers, so that we would not have that compulsory withholding of warfare by law, so that it might be brought about. If we have the detail, I should think the question is, Would it have that power to investigate now in very many States? In some of them it operates very near the point where the local unofficial or extemporaneous representatives have the power, not perhaps the actual questioning, but the power of suggesting the questions which the commission should ask. If the penalty is going in desuetude in Canada, then it might be that we could get all of the advantages of the act either by moving in this direction that many of our States have moved in, without penalty.

Mr. KING. I think in some cases it would be quite true that the advantages obtained would be just as great without them as with them. At other times extreme men are prevented from taking extreme action by the penalty, and an industrial dispute would appear to be much more easily settled if the issue can be confined to the economic question and is not complicated by a number of personal differences and animosities, which are certain to arise when the dispute gets into the strike or lockout. That is the advantage of the penalty, the withholding of a strike taking place before inquiry.

Commissioner O'CONNELL. Was not there a case which occurred in connection with some mines where the men were fined for employing men to go into the mine for the purpose of striking, or something of that sort, in some mine trouble in Nova Scotia or other Provinces?

Mr. KING. In the case that I have referred to, the fine was imposed on the men; that was in connection with a mining strike, and it was for going out on strike before the board was appointed. I do not think there has been any other case.

Commissioner O'CONNELL. The men were not fined for employing men to go into the mines and then striking?

Mr. KING. I do not think there has been such a case; I don't recall it.

(Here Mr. King left the stand and again returned.)

Mr. KING. Mr. Gompers has just spoken to me, reminding me of something. It may be the same strike that you have in mind, Mr. O'Connell, in the Cobalt district, where there was a strike. This question came up, as to who should be fined. I do not know that I stated directly, but the principal reasons were that they were fined, and as I remember it, it was the officers of the union that were fined. Mr. Gompers has reminded me that the officers themselves were not actual workers in the mine, and that consequently they were fined for something somebody else had done. If that is the question you were alluding to, I was wrong in conveying the inference that no such cases had taken place. The officers of the union were the men fined, and I think on that same matter there is a section in the act that any one who incites men to strike in violation of the provisions of the act are liable to fine. I think they were fined under that clause, that they were inciting the strike prior to the inquiry.

(Here Mr. Gompers resumed the stand.)

TESTIMONY OF MR. SAMUEL GOMPERS—Recalled.

Mr. GOMPERS. If I might, I would like to supplement this statement made by Mr. King. It was suggested by the question asked him as he was about to leave the stand.

The facts in the case, as they came to me, were that the miners themselves went on strike, and after they were on strike they made application to the union for the benefits provided by the laws of the union to support them in the event of their being on strike, and the officers of the union furnished these miners with the benefits to which they were entitled, and for so doing these officers were arrested and fined for aiding and abetting a strike in violation of law.

The ACTING CHAIRMAN. Mr. Ballard has a question to ask you, Mr. Gompers. Commissioner BALLARD. In taking up questions of conciliation, arbitration, and collective bargaining, which we are trying to study, to be on any large scale they can exist only where both sides are well organized? It requires organization on both sides to have this collective bargaining?

Mr. GOMPERS. The best results are obtained that way.

Commissioner BALLARD. And it must be mutually agreeable to both sides?

Mr. GOMPERS. Yes.

Commissioner BALLARD. Being a manufacturer myself, I have, naturally, in my life heard the manufacturers' arguments against the organization of which you are president, and these are all along the lines of limitation of output, boycotts, coercion, breaking of contracts, and industrial strikes, refusing to use nonunion-made materials. All these things have come up, and I have no doubt a great many other things have come up on the other side.

It has occurred to me that if a commission—I do not care how many, but we will say six—representing the workmen and six representing the employers, and perhaps with or without some of the public, could be appointed, they could formulate a declaration of principles which might establish such fundamental principles that they could be agreed to on both sides, as, for instance, accepting the principle of the rights of property and an acceptance of the rights of the workmen, and citations, and conditions, and all that; could not that commission, if they formulated such fundamental bills of rights—don't you think that would put the case in such a condition that the manufacturers who wanted what was right and the workmen who wanted what was right could get together on some common ground? For instance, as you stated, declare the right of the workman to quit wage slavery, and on the other side, the right of the employers to discharge would be recognized, remembering always that the employer has before him the fear of loss in his business; it seems to me if some declaration of principles could be agreed to by both sides in this controversy, that would be a long way toward having some common ground where we could all stand.

Now, for instance, just on that very line of thought, the American Federation of Labor has with it, I understand, the Western Federation of Miners, and in this rather spectacular and unfortunate Calumet copper strike, in Michigan, it has come to my attention, the declaration of principles of the Western Federation of Miners. Let me read them to you as a fair man, and in a fair and honest spirit see what you think of a declaration of principles on the part of the employees, if you were running a factory on that plan yourself.

Here is the preamble:

"We hold that there is a class struggle in society, and that this struggle is caused by economic conditions.

"2. We affirm the economic condition of the producer to be that he is exploited of the wealth which he produces, being allowed to retain barely sufficient for his elementary necessities.

"3. We hold that the class struggle will continue until the producer is recognized as the sole master of his product.

"4. We assert that the working class, and it alone, can and must achieve its own emancipation.

"5. We hold, finally, that an industrial union and the concerted political action of all wageworkers is the only method of attaining this end.

"6. Therefore we, the wage slaves employed in and around the mines, mills, smelters, tunnels, open pits, and open cuts, have associated in the Western Federation of Miners."

I can not help thinking that there must be some common ground for a declaration of principles which all men in the country will recognize as fair, and then, if we could agree on that common ground, that would be a good start for conciliation, arbitration, and mediation; but when men start out by saying that they are the sole owners and that they are the "wage slaves" it seems to me they can hardly expect the manufacturers and employers to be willing to treat with them.

Mr. GOMPERS. Mr. Commissioner, I think you will agree with me that to give anything like an intelligent, comprehensive answer to all the matter which you have presented, will require not only a book, but a series of volumes. I shall endeavor to say just a few things in connection with the question you asked and the subject you have mentioned. I can not think of them all. My memory does not serve me that well.

First, let me say that there can be no question in our life that there are rights of property, and in any declaration of principles and any series of principles which the commission may formulate, that provision may be contained; but that is not offset nor is it corollary to say "Proper sanitation for workmen." If this commission or if any body of men should undertake to declare a series of principles and assert as one of them the rights of property, the only other question and the only one which should precede it is the matter of the rights of man, the mere matter of an incident, nor does it at all compare to the declaration of the rights of property. The Declaration of Independence was a declaration of the rights of man politically and religiously. The commission is dealing with a new question, the newer question, the modern question, the rights of man industrially—that is, to help by all means within its power the great movements of men and women of labor, of sociologists, of welfare of workers, of social workers—to establish the rightful relations or the more rightful relations, if you please, between the workmen and the employers.

It is, perhaps, not quite just to me to require me to answer the question in regard to the preamble of the declaration of the Western Federation of Miners, because the declared policies are not in accordance with my views. When occasion has arisen, I have had no hesitancy in saying so. There is this other question in connection with the Western Federation of Miners which should not be lost sight of. The policy which that organization has pursued in the past six or seven years has been of the most conservative, constructive character. The mere fact is this, Mr. Ballard, that whether deserved or undeserved is not material now, but the Western Federation of Miners has been given a bad name by its enemies and by their declarations, giving a seeming cause for it, and it seems that no matter what the organization may now do or propose to do for the protection of the rights and interests of the metalliferous miners, there seems to be a concentrated effort on the part of the enemies of that organization to defeat it in its very honest, honorable efforts. That is the point.

I am at variance with that declaration. The American Federation of Labor is at variance with that declaration. But because an organization in its youth, in its early days, has made mistakes—if it has made mistakes—is no reason why it should not be given an opportunity to become right. That organization has not been given that opportunity in Calumet, or in Minersville, N. Y. I know of this incident: A member of the executive council of the American Federation of Labor was requested to go to Calumet and make an investigation of the conditions there. To no man on earth will I more readily yield my judgment and my opinion than to him, and in no man have I greater confidence in his good judgment, his honor, and his honesty. He made the report that no men on strike were ever more justified than our miners in the Calumet district, and no men have conducted themselves more peacefully, more conservatively, and more within the law than have these men.

If I may be permitted to take the time, I will tell you the story of the Quaker, who had purchased a chunk of meat for himself and his good wife for their evening meal, and had it wrapped up in his hand. A great big dog came along, and, sniffing the meat, grabbed it and ran away. The Quaker would not kill the dog nor would he hurt the dog—it was against his faith. But he said: "I will give thee a bad name, that thou art a mad dog; a mad dog art thou," and repeating it louder and louder, he ran after the dog until a great crowd followed and then led him in the chase for the dog, and the crowd killed the dog and his conscience was free.

Commissioner BALLARD. I will say I was for some time president of the Employers' Association, of Louisville, Ky. During that time one of our members got up an organization, and I did not consider his rules of organization or his methods or his principles were correct. I sent for that member. I told him so; I told him I would not stand for it and that our association would not stand for it. He said, "What do you intend to do about it?" I told him, "Publish it in the newspapers and expel you."

This preamble is the same preamble of the Western Federation of Miners to-day, and this report from which I have read it is report No. 139 of the United States Department of Labor, February 5, 1914.

I am not doing this to criticize, but only to bring out what is fair. I want to say, as a fair man myself, if I were called into an arbitration between a union, if you choose, or an employee or association of employees, and an employer or association of employers, and I was met at the beginning with a declaration of principles like that, I would feel compelled to say, "Gentlemen, you must

change your principles before I can either arbitrate or act, because the declaration of principles does not accord, as you said, with the Declaration of Independence of this country." Therefore, I repeat that if you could get a commission or a committee of laboring men and employers who would formulate some declaration of principles which was mutually agreeable, I do believe it would be quite a step toward bringing forward more friendly and better relations between organized labor and organized capital.

Mr. GOMPERS. As to whether the question of the declaration would bring that about, I am not quite so sure; but I am quite in accord with you in the purpose of coming to some sort of mental agreement, the creation of a condition, that a few fundamentals may be the basis for our future progress. The antagonists to our movement charge the labor movement to-day with endeavoring to limit output. That is quite contrary to the facts. The labor organization of decades ago, not to-day, did that. The labor movement of to-day asks for the establishment of a workday of not more than eight hours. That does not mean a limitation of output. It means a limitation of the day's work, a limitation which every economist, every man who has studied the human character and the human make-up, and the difficulties upon the worker in the modern industry, agrees is the wisest, industrially, economically, and socially.

If I may be permitted I should like to submit a few observations upon something which has been mentioned here with regard, for instance, to the comparative small number of organized workmen to the unorganized.

Commissioner O'CONNELL. Before you do that, let me ask this: We have had two or three estimates here. One gentleman who appeared before us gave an estimate of 2.80 per cent of the total population as being organized. Others gave it all the way up to about 80 per cent.

Mr. GOMPERS. Of course, such a statement is not only ridiculous, but ludicrous, when you come to compare, even if the figures were right; for, as a matter of fact, counting the average family in the population of the United States as five to a family—that is the generally accepted number—it is not quite fair to consider that population of 5 to a family and 95,000,000 people in the United States, when there are 3,000,000 organized adults. There are not 5 of those as compared to the population in the family, but there are 3,000,000 adults.

The question must also be considered from this viewpoint, or this fact must enter into consideration. The farmers are not counted in the ranks of the organized labor movement, of the organized workers in the American Federation of Labor, and in the brotherhoods. The farm laborers are not, as a rule, organized. They are not counted. The employers, large or small, are not enumerated. The business men are not enumerated, large and small. The men in the professions of law, of medicine, of engineering, are not enumerated. The men office workers, in clerical work, are not enumerated.

Commissioner WEINSTOCK. In the civil service?

Mr. GOMPERS. In the civil service of the United States and of the several States and of the communities, they are not enumerated.

In a trade or an industry in which there are, in some instances, nearly 100 per cent of the workers organized, sociologically speaking, when there is one worker affected, all are affected; when a wrong is done to one, it affects the whole of society's conditions and its members. But, in so far as relations between employers and employees are concerned, the 100 per cent organized have the right to speak for that industry; there is no question about that. There are numbers of them in which there are 98 per cent, 95 per cent, 90 per cent, 85 per cent, 80 per cent, 60 per cent, 50 per cent, 40 per cent organized; some of them poorly organized, it is true. Surely those who are well organized have the right to speak in the name of themselves and for themselves and for each other.

I think I understand Mr. Mackenzie King's fundamental idea, and principally I am in accord with him; but he has told the commission that the only reason why the penal clauses were adopted in the Canadian law was because they could not get a law through Parliament without it; and that because the Parliament was made up of a larger number of farmers and a few from the urban districts, was the reason that was put in there; in other words, because they could not get a law through the Parliament of the Dominion of Canada without the penal clause was conceded, and the liberty—I do not care what you call it, you may call it by any other name—but the liberty of the workman was frittered away and bartered away because of the make-up of the Parliament.

Commissioner WEINSTOCK. May I at that point ask what would be the attitude of the American Federation of Labor to a new act if the penalty clause were eliminated?

Mr. GOMPERS. I have already stated in my direct statement that I doubt if there would be much of an agitation, except there would be always the apprehension of building upon, building upon, building upon, until the time to attempt to urge the compulsory arbitration and penal features.

Commissioner WEINSTOCK. If that act were submitted without the penalty clause, would the American Federation of Labor oppose it or support it, so far as you know?

Mr. GOMPERS. Mr. Commissioner, there is another thing I want to say in connection with that, and if you will kindly permit me to reserve my answer until I have stated that, or if I do not state it, I will be thankful if you will repeat the question then, and I will answer it.

What is justice? Talk about the court of arbitration or the court of investigation finding out justice and declaring it. What is justice? What was justice 10 years ago is regarded as a great injustice to-day. Justice is a concept, is an attitude of mind. The report of the Anthracite Coal Strike Commission was quoted here as having been ideal. Is there any man in all America who imagines that an award of the character made by the Anthracite Coal Strike Commission could have been rendered if the coal miners' strike had not occurred?

In 1897 the coal miners in the bituminous and the anthracite fields were simply impoverished and demoralized, and living in poverty and misery while working—not while idle. Their committees, committees from these districts, would come into the cities with credentials signed by the mayors of the town and the governor of the State, authenticating that these men were making a justified appeal for the poverty of miners and miners' families, and they came to the workmen, to us, to appeal for contributions while they were working. It was the strike of 1897 of the miners in the bituminous fields that checked that downward tendency of more than 15 years. You will remember during the political campaign of 1884, when the misery of the miners in the Hocking Valley was flaunted before the people, and it was only in the political campaign, as a political event, that it was used as political material; but when the campaign was over men had not the slightest advantage as the result of that campaign; not a thing. They were pitted but that is all.

But in 1897, when the remnant of the miners' organization declared for a strike, I think on July 4, 1897, and the men responded in their desperation, finally after about 16 or 17 weeks' strike an agreement was reached with the operators, and there was the establishment of a scale. Within a year afterwards they met again and established another scale with an increase in wages, and established for the 1st of April the eight-hour workday and in all the bituminous coal fields improved conditions, brought about the abolition of the "pluck-me" store, the company store, the right of the men to purchase their things and necessities wherever they desired. The contagion caught the miners in the anthracite region, and they went out on strike, with the result as we know. The second strike was ended by the coal strike commission and the award.

It is true that that commission made the declaration quoted by Mr. Emery; but it is equally true that that commission reduced the hours of labor to nine per day, and it also granted an increase of wages of 10 per cent, and it accorded to the miners the right to purchase their powder wherever they chose, and to make their purchases free from the coercion of making their purchases in the companies' stores, which meant, all told, more than 30 per cent increase in their wages and a reduction of their working hours and the establishment of better conditions.

Since then have come still greater and better improvements in the conditions of these men. And now, instead of the Federal authorities hearing and investigating and adjusting conditions between the coal operators in the anthracite coal regions and the coal miners, representatives of the coal operators and the representatives of the union miners meet and adjust their differences and endeavor to reach an agreement.

And this is the point I want to make: Had the coal miners prior to 1897 in the bituminous region appealed to a commission, if it were in existence in the United States, such as obtains under the act in Canada, if they were to ask for an investigation, an investigation would have come.

What justice would the miners have gotten? They might have gotten a cent or two a ton. But the strike of the miners in the bituminous regions and the strike of the miners in the anthracite region abolished wrongs and abolished misery and poverty and dependence that a century of investigation of a commission and all the altruism of which its members could be possessed would not have abolished, and that strike established justice that could not have been established in any other way.

In the garment industry, the sweatshop system and the miserable tenements and homes, where bedrooms were made workshops, and they were all huddled together and living in misery and degradation and poverty, where they were idle at certain periods and employed at other times, suppose they had asked for an investigation at the hands of the commission in the State of New York or of a Federal commission, they would have gotten just what the laundry workers got in the city of New York when they asked the Bureau of Labor to make an investigation, just what the miners in Minerville, N. Y., got—nothing; nothing but a word of sympathy, and then like the Philistine they walked by on the other side.

There was a time, you remember, just during the anthracite mining strike, when Mr. George Baer declared that he would not meet with the representatives of the miners' union; that he and other employers of labor were the trustees appointed by God to handle the interests of those members, and that they were to administer them in the interest of their working people. Well, I know that Mr. Baer has revised his industrial policy as to his working people. He now meets with them, and in determining as to his trusteeship.

The ACTING CHAIRMAN. Mr. Gompers, we would like to adjourn in a few minutes.

Mr. GOMPER. Do you mean now?

The ACTING CHAIRMAN. No; in about 10 minutes.

Mr. GOMPER. I can finish up, I think, in that time. I want to call attention to the fact that the members in no industry which I know are threatened with such calamity or total extinction as are the men engaged in the glass bottle industry. An automatic machine has been invented which does not require any man's attention. It simply gathers the glass and blows it and molds it and forms it and makes it complete, and the men, the employers who want to continue in the business in the best way they can, meet the representatives of the workmen and try to devise some way to meet this condition which confronts us. They have agreed upon reductions in wages, have agreed so that the men might be enabled to work; to find some work. They have tried to devise some means in their rules and regulations by which the glass workers who are still here may not be totally thrown upon the streets, and the whole trade disappear; and that is a subject for the adverse criticism of Mr. Emery, criticism of such a condition of the union that Mr. Emery would not belong to, and those men made the type of bad, bad men, who would resolve upon anything of that character. Well, I am not called upon to make any criticism of the legal profession, but I do think that the members of the legal profession are making it daily and hourly and yearly more difficult for a young man to pass the legal examinations, and making the requirements of graduation and practice more difficult. Of course, that is on the hypothesis of making better lawyers, but, as a matter of fact, it is for the purpose of limiting the output of lawyers.

I want to say a word with regard to the International Typographical Union, and in regard to that declaration. It is not the first time we have been confronted with that declaration. I just want to call your attention to what it was, and the cause of it and what it really portends. In the International Typographical Union there existed or it was alleged that there existed, a body of men consisting of only a few in certain local organizations throughout the country which had a common purpose, a common policy, to control the legislation of that organization. Mr. Frank Morrison, the secretary of the American Federation of Labor, a delegate from his local union in Chicago to the Colorado Springs convention of 1896, made that charge in the convention and there was a committee appointed to draft a declaration which every member was expected to subscribe to, particularly every delegate and every ex-delegate who was in attendance was invited to take the obligation, that he would belong to no other organization affecting the trade, affecting his conduct within the International Typographical Union, and that is the whole sum total and purpose of that declaration.

It has been made to appear before committees of Congress making investigations, as it was made to appear here this afternoon, as if that declaration was designed as an obligation of treason to the United States.

Commissioner O'CONNELL. That inner wheel was known as the Juniata, was it not?

Mr. GOMPERS. The secret organization was known by a number of names, Indian names, Juniata, and several other titles. I am not so sure whether it ever existed or now exists. As a matter of fact, one of the prominent men who was asked the question, said that it was a myth, and the printers always had a good deal of fun with him and about him. They said that he said it was a myth; that it was a very tangible myth, and all that. At any rate, what I want to advise you gentlemen is that there is no question but that what I have mentioned as to the cause and purpose of this declaration is true, that it is exactly what I have told you, nothing more and nothing less. It was with the idea that if such a concern existed, the organization should be freed of it, if such a concern existed, of ridding the organization of a small coterie of men controlling the legislation of the organization, because they were working in concert with each other.

Commissioner WEINSTOCK. You asked me to remind you of my question?

Mr. GOMPERS. Yes. May I have just one moment more? Mr. Emery said that I always speak in extremes. I do not. I speak probably emphatically, but not in extremes. What I said as to the steel industry applies to the building trades, it applies to the textile trades, it applies to the iron trades, it applies to the boot and shoe industry, it applies to the garment industry, and many, many others; the great, basic industries of the country.

Just one more word on the question of the street railway men as they exist, and the organization which has come in Canada, without strikes. That is true, too. There is more justice coming to the miners, now, because they standardized their strike. They standardized somewhat the industry, wages, and conditions and hours of labor. So in the garment trade; it is somewhat standardized as to wages and hours and conditions, and sanitary conditions. And it is so in many industries. The strike in Canada on the street railways helped to establish a better standard of wages, and it is easier now to establish or to come near that standard without strikes. I have not the figures, but I do know that in nearly every industry there are thousands and thousands of agreements, collective bargains, between employers and unions, between workmen and employers, and associations of employers. Sometimes they have been obtained, in the early stages, by strikes, by contests; later by the policy of conciliation and meeting the conditions of industry, and the constantly growing needs of the workers, and the demands which they make upon society for a better life as the reward for the service which they give to society.

The ACTING CHAIRMAN. Mr. Weinstock, I suggest that if there are other questions which you want Mr. Gompers to answer, you had better formulate them in writing and have him answer them in writing, as has been done in other cases.

Commissioner WEINSTOCK. Very well, I will do that. Mr. Gompers, among the other methods that will be submitted to this commission for its consideration when it comes to make a recommendation, will be this Canadian act. We have here this afternoon the two leading exponents of that matter, Mr. King, who is the author of that act, and you, who oppose it, representing organized labor, so that it is very important to get this question as clear in our minds as we can, from both of you. We have Mr. King's opinion, and we want yours.

Mr. GOMPERS. I promise you that if you write me I will answer you fully.

Commissioner WEINSTOCK. Would you rather have me submit the questions to you in writing?

Mr. GOMPERS. Yes.

Commissioner WEINSTOCK. Very well; I will do that.

The ACTING CHAIRMAN. That is all, Mr. Gompers. We are much obliged to you. Your answers to those questions will be made a part of the hearings.

Commissioner WEINSTOCK. The questions and answers will be made a part of the hearings.

Commissioner LENNON. I want to ask a few questions, and I will do the same thing.

The ACTING CHAIRMAN. Mr. Emery, have you any point you would like to make? We have about 10 minutes, and if you could touch up what you have to say, and let us ask in writing any questions that can be better handled that way, we would like to have you do so.

TESTIMONY OF MR. JAMES A. EMERY—Recalled.

Mr. EMERY. Of course I am at the service of the commission. I realize how impossible it is in the space of time we have to touch upon so many questions as are necessarily raised in a discussion like this. I should like to say one word, if I may, about one phase of this matter in which I think many employers of this country feel a very deep interest, and I should be doing a very great injustice to them and to myself, and to this commission, if I indicated by the tone of anything that I have said or by any undue exaggeration of the employer versus employee, which of course is the topic that you are peculiarly addressing yourselves to, any belief or opinion on the part of those for whom I can speak, that this commission is to put its mind exclusively to the relation of employer and employee.

We conceive that there is a far more fundamental relation at the root of many of the difficulties in the whole industrial controversy. It is a common sin of both employer and employee to treat this whole controversy of their relationship as though they were the parties of most importance, that this matter affected only them, and they could arrange their affairs or fight them out in an elementary and barbaric way, however unfitting that would be to the conditions under which we live. But they affect something else. They affect this country and all the people in it, when the controversy assumes such magnitude that it interferes with the supply of their needs or with the movement of all those instrumentalities which must be kept in motion to maintain the material aspects of our civilization; because every day that our material civilization grows more greatly it develops a burden upon those who sustain it, correspondingly. The great difficulties between employers and employees in the making of collective bargains and in the enforcing of them are not merely in those questions of policy which will always be acute as long as men have their labor to sell, and as long as they strive to get the largest return for it, and as long as those who buy it are producing under competitive conditions, not only in their own country but in the world, and undertake to estimate the cost of their labor as the most important factor in the making of the commodity which they have to sell. The man who is making something to sell is making it to sell in a given market in competition with some one else, and however much the producer of any commodity, which he must sell in order to sustain his operation of production, would like to consider only humanitarian and philanthropic notions, he is necessarily face to face with the most vital and material problem, how to continue to sell his article and how to make it and maintain the quality for the price for which he can afford to sell it in competition.

Now, all those questions of policy and concerning the hours of labor and efficiency of methods of labor are to be considered. They are immensely important problems. They are problems that will always be with us as long as men are engaged in having one man his labor to sell and another man his labor to buy, and so it was since the days of the first makers of brass. But the essential and vital thing upon which we can not afford to have differences in this country is the principle which is to underlie the collective contract, and that principle is not to be settled by employers or employees or by any commission for them—not while we live in this Government. It is to be settled by the principles of the Government in which we live, or we make an agreement outside of it and undertake to enforce it by means unknown to that Government. The vital thing in the Anthracite Coal Strike Commission report, to which I called your attention, is not the mere increase in wages and shortening of hours, important and necessary as it was, but it was the recognition of certain vital principles that ought to be recognized and enforced in all relations between employers and employees, and those principles apply not merely to the anthracite field, but they apply to every field into which men enter for the purchase and sale of labor. That vital principle is the recognition of the fact that while the organization of labor is an important and vital thing, and has played a big part in the betterment of the wage earner, and moral and physical and social aspects, that the right of the men to stay outside of that organization and sell his labor and of the other man to purchase it, and of the man who stays outside to be free from coercion and intimidation is just as much as the right of the man who goes into it.

I add a third phrase to Mr. Gompers's description of slavery. It would be slavery if any form of involuntary servitude could continue in this country so that a man was compelled to labor under conditions which he did not desire

when he wished to quit. It would be slavery if a man was compelled by an employer to work under conditions that did not suit him.

And it is equally slavery when a man may not sell his labor without securing a license from another to do so, and when he is to be annoyed or intimidated if he undertakes to peacefully pursue the calling in which he desires to earn his living for himself and those dependent upon him if others undertake to annoy him—I will put it in the mildest possible form—unless he accepts their conclusions and adopts their vehicle for the standardization of it. That principle is as vital as anything in industry.

And when you survey the whole field of industry you will observe in many trades of the very highest nature, many forms of production in which this country is justly famous the world over. That production is being carried on by men both in unions and out of them, and the fact that during the enormous periods of propaganda they have stayed out, or expressed their desire to stay out, and sell their labor individually, because they felt that they get their reward best, is not to be overlooked. There are two sides of the scale to be looked at; one side not only the man who makes the best bargain—not only that, but the man who does not want to make it, and if it is true that there is an enormous danger in the combination of great producers that control the sources of industry, there is an equal liability of abuse in the unregulated and dominating combination that controls the source of labor supply. They both have their capacity for abuse, and while we recognize the use of each, we can not close our eyes to the abuses of either, and there can be no condition in which we can continue industry in this country that does not equally recognize the principles and rights of the man who cares to sell his labor individually as well as he who cares to buy.

For 20 years we have been undertaking now to enforce the right of the smallest dealer to produce and sell at his price and under the conditions of sale that suit him best without the interference of these huge combinations of production and distribution that practically control these conditions of production, who have undertaken to make others sell at their price and under their conditions or go out of business, and we have written over the statute books of many States and in the decisions of many courts the effort of this people to express a determination to secure economic freedom for the smallest producer, and it is equally as important and essential that we shall endeavor to secure the same economic freedom for the smallest laborer, and that is an essential, vital, and fundamental principle in this country; and those whom I have the honor to represent believe in that very sincerely, and as I believe thousands of our people do, and that principle is written into our fundamental law, and it is there the choice of those who made this Government, and with God's good grace, I hope it will remain there while we are a nation of free men.

Now, with respect to one matter in which I am accused of perhaps making a misrepresentation. I would not wittingly misrepresent any one's views, but I want to call your attention to the Typographical Union oath to illustrate why I thought that was an obligation he ought not to take. I read you the plain words of the phrase: "That my fidelity to the union and my duty to the members thereof shall in no sense be interfered with by any allegiance that I may now or hereafter owe to any other organization, social, political, or religious, secret or otherwise."

And immediately thereafter occurs this phrase: "That I will belong to no society or combination composed wholly or partly of printers, with the intent or purpose to interfere with the trade regulations or influence or control the legislation of this union."

That would apparently cover any obligation necessary to lay upon the members as relate to their relationship with other unions of printers, and which apparently would not be necessary to require the subordination of religious, political, and social obligations of every kind and character in order to secure protection as far as the oath could give it against the machinations of an anonymous organization in the trade.

That appears to be covered by the others. That may be the point of view of the gentlemen, and if it was, and they gave as much thought as they apparently did to this matter, the result was an unhappy combination of language.

I do not think of any matter with relation to this subject about which I could add anything to this inquiry by suggestion of my own. I should be very glad to answer any questions, in writing or otherwise, that the commission may desire to ask, but I beg to impress the commission with the fact that so far as I know the many thousands of employees, some 200,000, that are in associations

of which I have the honor to be counsel, are not opposed to the principle of collective bargaining. When I say that they are not opposed, I do not mean that they object to other people making collective bargains; I mean that they make collective bargains themselves, but they distinguish in all collective bargains two things: Questions of principle and questions of policy, and so far as the questions of principle are concerned, I do not know of any of them who do not believe that they ought not to make a collective bargain in which they agree to employ exclusively members of the particular craft with which they dealt who are members of the union.

The ACTING CHAIRMAN. Do you consider this preferential protocol system as in violation of those principles?

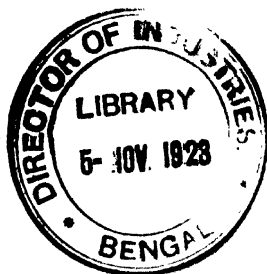
Mr. EMERY. It depends upon the practical enforcement of the act, because in all these discussions respecting labor matters I find that it is very difficult to walk from an abstract proposition into a concrete reality; most of our errors are in making the passage.

The ACTING CHAIRMAN. You have heard the discussions here?

Mr. EMERY. No; I have not.

The ACTING CHAIRMAN. We are very glad to have heard from you, and if there are any further questions that the commission would like to ask, whether in writing or verbally, we will take pleasure in letting you know.

(Whereupon at 6 o'clock the commission adjourned until Monday, April 13, 1914, at 10 o'clock a. m.)



EXHIBITS.

PRINTING TRADES.

INTERNATIONAL BROTHERHOOD OF BOOKBINDERS,
February 6, 1913.

E. FLEMING & Co.,
Boston, Mass.

DEAR SIR: Believing in cooperation as we do between employer and employee, and further believing that only through such mutual understanding can the best interests for all concerned be subserved, we wish to call to your attention the fact that only through such cooperation as stated above were the present conditions now existing in Cambridge between Ginn & Co. and their employees brought about with the probability of the other Cambridge master bookbinders coming to a like agreement. Therefore we take the liberty on behalf of Local No. 16, International Brotherhood of Bookbinders, to extend to you an invitation to meet a committee from said local at a place and time to be mutually agreed upon for the purpose of trying to establish friendly relations between the master bookbinders of Boston and the said local, which result can only be brought about by such joint conference.

Thanking you in advance, we are,
Respectfully, yours,

EXECUTIVE COMMITTEE.
WM. H. MURPHY, *Secretary,*
23 Old Harbor Street, South Boston.

INTERNATIONAL BROTHERHOOD OF BOOKBINDERS,
February 6, 1913.

H. M. PLIMPTON & Co.,
Norwood, Mass.

DEAR SIR: Believing in cooperation as we do between employer and employee, and further believing that only through such mutual understanding can the best interests for all concerned be subserved, we wish to call to your attention the fact that only through such cooperation as stated above were the present conditions now existing in Cambridge between Ginn & Co. and their employees brought about, with the probability of the other Cambridge master bookbinders coming to a like agreement. Therefore we take the liberty on behalf of Local No. 16, International Brotherhood of Bookbinders, to extend to you an invitation to meet a committee from said local at a place and time to be mutually agreed upon for the purpose of trying to establish friendly relations between the master bookbinders of Boston and the said local, which result can only be brought about by such joint conference.

Thanking you in advance, we are,
Respectfully, yours,

EXECUTIVE COMMITTEE.
WM. H. MURPHY, *Secretary,*
23 Old Harbor Street, South Boston.

FEBRUARY 12, 1913.

MR. WILLIAM H. MURPHY,
Secretary International Brotherhood of Bookbinders,
23 Old Harbor Street, South Boston, Mass.

DEAR SIR: You have addressed letter to several of our bookbinding members in Boston asking for a conference with a committee from your brotherhood.

I wish to advise that these letters have been referred to the typothetæ and that a committee has been appointed to meet you at our headquarters, 176 Federal Street, room 504. Please suggest a date after this week upon which you would like this meeting to be held.

Very truly, yours,

_____, Secretary.

FEBRUARY 12, 1913.

Mr. D. J. McDONALD,
Secretary Allied Printing Trades Council,
606 Old South Building, Boston, Mass.

DEAR SIR: You have recently addressed a letter to the Pilgrimage Press asking for a conference with a committee appointed by your council. This letter has been referred to the typothetæ.

As the subject matter is substantially the same as one received from Mr. William H. Murphy, secretary of the International Brotherhood of Bookbinders, which also has been referred to the Boston Typothetæ, I assume that the enclosed reply, which has been addressed to Mr. Murphy, will answer your communication.

Very truly, yours,

_____, Secretary.

ALLIED PRINTING TRADES COUNCIL,
Boston, Mass., March 13, 1913.

EDGAR E. NELSON,
Secretary Boston Typothetæ Board of Trade,
176 Federal Street, Boston, Mass.

DEAR MR. NELSON: A committee from the Boston Allied Printing Trades Council will be pleased to meet a committee duly authorized by your board to discuss the question of unionizing the Pilgrimage Press.

Any day of next week after Monday will be agreeable to us.

Very truly, yours,

D. J. McDONALD, Secretary.

MARCH 17, 1913.

D. J. McDONALD,
Secretary Allied Printing Trades Council,
606 Old South Building, Boston, Mass.

DEAR SIR: Replying to your letter of the 13th instant, our committee will meet your representatives at our headquarters Friday afternoon, March 21, at 2 o'clock.

Very truly, yours,

_____, Secretary.

LOCAL NO. 204, INTERNATIONAL BROTHERHOOD OF BOOKBINDERS,
Cambridge, Mass., April 15, 1913.

Mr. NELSON.

DEAR SIR: I have been requested by the local unions of bookbinders, of Boston and vicinity, to ask your committee to set as early a date as possible when our wage-scale committee can meet them.

Trusting you will give this your immediate attention, I am,

Very truly, yours,

H. J. STACKHOUSE,
8 Rockingham Street, Cambridge.

APRIL 17, 1913.

Mr. H. J. STACKHOUSE,
8 Rockingham Street, Cambridge, Mass.

DEAR SIR: Replying to your letter of April 15, I wish to suggest that you take the subject matter up with the Allied Printing Trades Council, with whom we have had one meeting, and secure representation on their committee.

Mr. William H. Murphy, who represents the Boston Bookbinders Union, Local No. 18, was notified to this effect on March 22.

Very truly, yours,

_____, Secretary.

750 REPORT OF COMMISSION ON INDUSTRIAL RELATIONS.

GEO. H. ELLIS CO., PRINTERS AND PUBLISHERS,
April 17, 1913.

Mr. E. E. NELSON,
Secretary Boston Typotheta Board of Trade.

DEAR MR. NELSON: Stackhouse's letter of the International Brotherhood of Bookbinders Union at hand and contents carefully noted.

In the letter that we received from Murphy, who represented the Boston Bookbinders Union, he signed as secretary of Local 16. We have also had a request from the Allied Printing Trades Council, of which the bookbinders are part of the membership.

Now, we have this letter of Stackhouse's of the International Brotherhood of Bookbinders whose headquarters are at Philadelphia.

I am going to maintain my previous position; if they want to do any business they must do it through the Allied Printing Trades Council, as the scale for Cambridge, Boston, and Norwood should be uniform, and as these three bodies have membership in the Allied Printing Trades Council we will deal with them as one body and not as three individuals.

Yours, very truly,

A. W. FINLAY.

ALLIED PRINTING TRADES COUNCIL,
Boston, April 25, 1913.

EDGAR E. NELSON,
*Boston Typotheta Board of Trade,
176 Federal Street, Boston, Mass.*

MY DEAR SIR: I have been instructed to ask the Boston Typotheta Board of Trade to meet a committee from this council representing Bookbinders Union No. 10, Bookbinders Union No. 204, Bookbinders Union No. 176, Paper-rulers Union No. 12, Blindery Women's Union No. 56, and Blindery Women's Union No. 207, to discuss wages, hours, and working conditions for these crafts with your organization in greater Boston.

This action is taken as per agreement reached at our conference held March 20, 1913.

Thanking you in advance for any attention you may give this communication, I am,

Very truly, yours,

D. J. McDONALD, *Secretary.*

APRIL 20, 1913.

D. J. McDONALD,
*Secretary Allied Printing Trades' Council,
606 Old South Building, Boston, Mass.*

* DEAR SIR: In response to your letter of April 25, our committee instructs me to reply by saying they will meet your representatives at our headquarters Friday afternoon, May 2, at 2 o'clock.

Very truly, yours,

_____, *Secretary.*

INTERNATIONAL BROTHERHOOD OF BOOKBINDERS,
606 OLD SOUTH BUILDING,
Boston, Mass., August 6, 1913.

Mr. EDGAR E. NELSON.

DEAR SIR: I have been requested by the members of my organization to write you in reference to the scale as presented to us by the Boston Typotheta, parts of same not being quite clear; for instance, the assistant on lining, etc.

We would like to have you set a date as soon as possible for a meeting between bookbinding members of your organization and our committee to discuss the matter and try to come to some final agreement.

Trusting you will give this your immediate attention, and that I will hear from you in a few days, I am,

Respectfully, yours,

A. P. WILLIAMS.

AUGUST 11, 1913.

Mr. A. P. WILLIAMS,
606 Old South Building, Boston, Mass.

DEAR SIR: I have your letter of August 6, and have conferred with the chairman of the bookbinders' committee, Mr. Finlay, who wishes to confirm his conversation over the phone with Mr. Dallas, that you state in writing the parts of the scale that are not clear to you. Upon receipt of same our committee will endeavor to clear up all these points.

Very truly, yours,

_____, Secretary.

BOSTON TYPOTHETÆ BOARD OF TRADE,
Boston, Mass., April 6, 1914.

Mr. A. W. FINLAY,
272 Congress Street, Boston, Mass.

MY DEAR MR. FINLAY: I am sending you herewith copies of the agreements between the typothetæ and the pressmen and feeders' union back to 1901.

I do not see anything back of these dates. If you recall that any previous agreements were made I shall make a more careful search. The records back of that time are mostly written in long hand and it will take a little longer to determine positively whether or not agreements were made.

The first agreement with the pressmen seems to have been in 1901. I do not find anything for press feeders until January 6, 1905.

Perhaps the inclosed will give you the information you require.

Very truly, yours,

_____, E. E. NELSON, Secretary.

SCALE OF PRICES FOR PRESSMEN AND HOURS OF LABOR.

BOSTON, MASS., December 2, 1901.

1. Fifty-four hours shall constitute a week's work.
2. \$19 per week shall be the minimum scale for all cylinder pressmen.
3. \$14.50 per week shall be the minimum scale for job pressmen.
4. Overwork, until 12 p. m., time and a half; after midnight, Sundays, and legal holidays, double time. When overtime is being worked until 9 p. m. or later, one-half hour to be allowed and paid for as supper time; any part of hour after 30 minutes to be paid as a full hour.
5. In the case of the employment of a night force, the 54 hours shall be so made up as to complete the time in five nights, and the minimum rate for such work shall be \$22 for cylinder and Adams pressmen and \$16.50 for job pressmen.
6. The above scale of prices and hours for labor to be in force for three years beginning December 1, 1901.

For Printing Pressmen's Union No. 67:

JAMES T. ROCHE, Secretary.

JOHN F. SULLIVAN, President.

For the Boston Typothetæ:

GEO. H. ELLIS,
LOUIS BARTA,
SAMUEL USHER,
AVERY L. RAND,
GEO. W. SIMMONDS,
Committee for Boston Typothetæ.

SCALE OF PRICES FOR PRESSMEN AND HOURS OF LABOR AS AGREED BY THE BOSTON TYPOTHETÆ AND PRINTING PRESSMEN'S UNION, No. 67, DECEMBER 1, 1904.

1. Fifty-four hours shall constitute a week's work.
2. \$20 per week shall be the minimum scale for all cylinder pressmen.
3. \$15.50 per week shall be the minimum scale for job pressmen.
4. Overwork, until 12 p. m., time and a half; after midnight, Sundays, and legal holidays, double time. When overtime is being worked until 9 p. m. or later, one-half hour to be allowed and paid for as supper time; any part of an hour after 30 minutes to be paid as a full hour.

5. In the case of an employment of a night force, the 54 hours shall be made up so as to complete the time in five nights, and the minimum rate for such work shall be \$23 for cylinder and Adams pressmen and \$17.50 for job pressmen.

6. The above scale of prices and hours for labor to be in force beginning December 5, 1904, till May 1, 1907.

For Printing Pressmen's Union No. 67:

CHARLES W. CLAYTON, *President*.
J. FRANK O'HARE, *Secretary*.

For the Boston Typothetæ:

GEO. H. ELLIS,
JAMES BERWICK,
LOUIS BARTA,
ASAPH CHURCHILL,
F. H. GILSON,
J. EVELETH GRIFFITH,
GEORGE W. SIMMONDS,
Special Committee.

SCALE OF PRICES FOR PRESS FEEDERS AND HOURS OF LABOR AS AGREED BY THE BOSTON TYPOTHETÆ AND FRANKLIN ASSOCIATION, No. 18, JANUARY 6, 1905.

1. Fifty-four hours shall constitute a week's work.
2. \$13 per week shall be the minimum scale for male cylinder press feeders.
3. Overwork, until 12 p. m., time and a half; after midnight, Sundays, and legal holidays, double time. When overtime is being worked until 9 p. m. or later, one-half hour to be allowed and paid for as supper time; any part of an hour after 30 minutes to be paid as a full hour.
4. In the case of an employment of a night force, the 54 hours shall be made up so as to complete the time in five nights, and the minimum rate for such work shall be \$15 per week.
5. The above scale of prices and hours for labor to be in force beginning May 1, 1905, until May 1, 1907.

For Franklin Association, No. 18:

DENNIS F. O'BRIEN.
MICHAEL S. CONEY.
JOHN DONNELLY.
CHAS. H. MEHEGAN.
DANIEL J. McDONALD.

For the Boston Typothetæ:

GEO. H. ELLIS,
JAMES BERWICK,
LOUIS BARTA,
ASAPH CHURCHILL,
F. H. GILSON,
J. EVELETH GRIFFITH,
GEORGE W. SIMMONDS,
Special Committee.

SCALE OF PRICES FOR PRESSMEN AND HOURS FOR LABOR AS AGREED TO BY THE BOSTON TYPOTHETÆ AND PRINTING PRESSMEN'S UNION No. 67, MAY 18, 1907.

1. Fifty-four hours, and after January 1, 1909, forty-eight hours, shall constitute a week's work.
2. \$21 per week shall be the minimum scale for all cylinder pressmen.
3. \$16.50 per week shall be the minimum scale for job pressmen.
4. Overwork, until 12 p. m., time and a half; after midnight, Sundays, and legal holidays, double time. When overtime is being worked until 8 p. m., or later, one half-hour to be allowed and paid for as supper time, any part of an hour after 30 minutes to be paid for as a full hour.
5. In the case of an employment of a night force, the 54 hours, after January 1, 1909, the 48 hours, shall be made up so as to complete the time in five nights, and the minimum rate for such work shall be \$23 for cylinder and Adams pressmen, and \$17.50 for job pressmen.

6. The above scale of prices and hours for labor to be in force from June 1, 1907, to June 1, 1910.

For Printing Pressmen's Union, No. 67:

For the Boston Typothetæ:

THOMAS E. LOONEY, *President*.
J. FRANK O'HARE, *Secretary*.

GEO. H. ELLIS.
F. H. GILSON.
GEORGE W. SIMMONDS.
J. EVELETH GRIFFITH.
R. E. SPARRELL.
SAMUEL USHER.
ASAPH CHURCHILL.

SCALE OF PRICES FOR PRESS FEEDERS AND HOURS FOR LABOR AS AGREED TO BY THE BOSTON TYPOTHETÆ AND FRANKLIN ASSOCIATION, No. 18, MAY 18, 1907.

1. Fifty-four hours, and after January 1, 1909, forty-eight hours, shall constitute a week's work.

2. \$14 per week shall be the minimum scale for male cylinder press feeders.

3. Overwork, until 12 p. m., time and a half; after midnight, Sundays, and legal holidays, double time. When overtime is being worked until 8 p. m., or later, one half-hour to be allowed and paid for as supper time, any part of an hour after 30 minutes to be paid as a full hour.

4. In the case of an employment of a night force, the 54 hours, and after January 1, 1909, the 48 hours, shall be made up so as to complete the time in five nights, and the minimum rate for such work shall be \$16 per week.

5. The above scale of prices for hours and labor to be in force from June 1, 1907, to June 1, 1910.

For Franklin Association, No. 18:

JOSEPH A. DART.
MICHAEL S. COONEY.
DANIEL J. McDONALD.
CHAS. H. MEHEGAN.
MICHAEL H. O'CONNOR.

For the Boston Typothetæ:

GEO. H. ELLIS.
F. H. GILSON.
GEORGE W. SIMMONDS.
J. EVELETH GRIFFITH.
R. E. SPARRELL.
SAMUEL USHER.
ASAPH CHURCHILL.

SCALE OF PRICES FOR PRESSMEN AND HOURS FOR LABOR AS AGREED TO BY BOSTON TYPOTHETÆ AND BOSTON PRINTING PRESSMEN'S UNION, No. 67, JUNE 4, 1910.

1. \$22 per week shall be the minimum scale for all cylinder pressmen.

2. \$17 per week shall be the minimum scale for job pressmen.

3. Overwork, until 12 p. m., time and a half; after midnight, Sundays, and legal holidays, double time. When overtime is being worked until 8 p. m., or later, one-half hour to be allowed and paid for as supper time; any part of an hour after 30 minutes to be paid as a full hour.

4. In the case of an employment of a night force, the 48 hours shall be made up so as to complete the time in five nights, and the minimum rate for such work shall be \$24 for cylinder and Adams pressmen and \$18 for job pressmen.

5. The above scale of prices for hours and labor to be in force from June 1, 1910, to June 1, 1913.

For Boston Printing Pressmen's Union, No. 67:

JAMES J. REAGAN, *President*.
J. FRANK O'HARE, *Secretary*.

For Boston Typothetæ:

A. W. FINLAY,
Chairman Executive Committee.
A. N. MURRAY, *Secretary*.

754 REPORT OF COMMISSION ON INDUSTRIAL RELATIONS.

SCALE OF PRICES FOR PRESS FEEDERS AND HOURS FOR LABOR AS AGREED TO BY BOSTON TYPOTHETÆ AND FRANKLIN ASSOCIATION, No. 18, JUNE 2, 1910.

1. \$15 per week shall be the minimum scale for male cylinder press feeders.
2. Overwork, until 12 p. m., time and a half; after midnight, Sundays, and legal holidays, double time. When overtime is being worked until 8 p. m., or later, one-half hour to be allowed and paid for as supper time; any part of an hour after 30 minutes to be paid as a full hour.
3. In the case of an employment of a night force, the 48 hours shall be made up so as to complete the time in five nights, and the minimum rate for such work shall be \$17 per week.
4. The above scale of prices for hours and labor to be in force from June 1, 1910, to June 1, 1913.

For Franklin Association, No. 18:

MICHAEL S. COONEY.
DANIEL J. McDONALD.
JOHN J. CONNELLY.
ALFRED J. HARROLD.

For Boston Typothetæ:

A. W. FINLAY.
J. M. DUHIG.
T. A. HOULLAHAN.
H. P. PORTER.
H. M. PLIMPTON (O. E. B.).
HARRY A. WHEELER.

SCALE OF PRICES FOR PRESSMEN AND HOURS FOR LABOR AS AGREED TO BY BOSTON TYPOTHETÆ AND BOSTON PRINTING PRESSMEN'S UNION, No. 67.

1. Forty-eight hours, to be worked between 7 a. m. and 6 p. m., shall constitute one week's work.
2. \$23 per week shall be the minimum scale for cylinder pressmen.
3. \$18 per week shall be the minimum scale for job pressmen.
4. \$24 per week shall be the scale for perfecting and two-color presses.
(It is the understanding of the Boston Typothetæ scale committee and the scale committee of the Boston Printing Pressmen's Union, No. 67, that an Upham attachment is not a two-color press.)
5. Overwork, until 12 p. m., time and a half; after midnight, Sundays, and legal holidays, double time. When overtime is being worked until 8 p. m., or later, one-half hour to be allowed and paid for as supper time; any part of an hour after 30 minutes to be paid as a full hour.
6. In the case of an employment of a night force, the 48 hours shall be made up so as to complete the time in five nights, and the minimum rate for such work shall be \$25 for cylinder and Adams pressmen and \$20 for job pressmen.
7. The above scale of prices for hours and labor to be in force from June 2, 1913, to June 1, 1913.

Boston Printing Pressmen's Union, No. 67:

DANIEL J. SULLIVAN, *President*.
J. FRANK O'HARE, *Secretary*.

Boston Typothetæ:

A. W. FINLAY, *Chairman*.
JOHN M. DUHIG.
HENRY P. PORTER.
H. M. PLIMPTON & Co. (A. E. B.).
HARRY A. WHEELER.

SCALE OF PRICES FOR PRESSFEEDERS AND HOURS FOR LABOR AS AGREED TO BY BOSTON TYPOTHETÆ AND FRANKLIN ASSOCIATION, No. 18.

1. Forty-eight hours, to be worked between 7 a. m. and 6 p. m., shall constitute one week's work.
2. \$16 per week shall be the minimum scale for male cylinder press feeders.
3. Assistants attending one automatic feeding machine, \$16 per week. Assistants attending two automatic feeding machines, \$17 per week.

(The scale committee of the Boston Typothetæ and of the Franklin Association, No. 18, understanding of an assistant on an automatic feeding machine or machines is a person capable of setting or adjusting an automatic feeder, and feeding a cylinder press by hand.)

4. \$17 per week shall be the minimum scale for feeders on two-color or perfecting cylinder machines. Upham attachment not to be considered two-color presses.

5. Assistants on rotary and magazine presses, \$17 per week.

6. Overwork, until 12 p. m., time and one-half; after midnight, Sundays, and legal holidays, double time. When overtime is being worked until 8 p. m or later, one-half hour to be allowed and paid for as supper time; any part of an hour after 80 minutes to be paid as a full hour.

7. In the case of an employment of a night force of feeders, the 48 hours shall be made up so as to complete the time in five nights, and the minimum rate for such work shall be \$18 per week.

8. The above scale of prices for hours and labor to be in force from June 2, 1913, to January 1, 1918, and to continue for six months thereafter, until a new scale has been arranged to take effect June 2, 1918.

(Signed, Boston, May 19, 1913.)

Franklin Association No. 18:

ERNEST J. OLSEN, *President.*

THOMAS P. HENNESSEY.

WILLIAM C. JONES.

DANIEL J. McDONALD.

MICHAEL S. COONEY, *Secretary-Treasurer.*

Boston Typothetæ:

A. W. FINLAY, *Chairman.*

JOHN M. DUHIG,

HENRY P. PORTER.

HARRY A. WHEELER.

GEORGE K. BIRD.

[Paper submitted by George L. Berry, president International Printing Pressmen and Assistants' Union of North America, to the United States Commission on Industrial Relations, Washington, D. C., on the question of collective bargaining, conciliation, and arbitration between employers and the organizations of working men and women.]

The question of the proper relationship between employers and employees is one that embraces many important phases of industrial activity. It would be the height of presumption upon my part, therefore, to attempt to burden the United States Commission on Industrial Relations with my version of the necessary responsibilities of employers and employees. In conformity with the request of the commission, however, I prepared and submit herewith certain concrete views which I trust will be of assistance in the establishment of a more cordial and cooperative relationship between the units of industry in the United States.

The organized labor movement has for its basic principle the purpose of collective bargaining. It is apparent to all without minute explanation that it is decidedly more effective for all of the workmen of a given industry to act jointly in the presentation of their grievances than it would be for each person to act individually in the matter, hence the existence of organized labor and its policy of economic advancement.

The collective interests of the employees bargaining with the collective interests of the employers is more desirable than the collective interests of the employees dealing with individual employers. This is so not only because of the prompt facilities that would follow in establishing the points at issue, but it is moreover essential because of the uniformity of action that invariably follows through joint bargaining relationship. For example, if a peaceful adjustment is not arrived at, a uniform cessation of relationship is followed; if on the other hand a mutual adjustment is made a uniform condition is established and maintained during the period of relationship, be it contractual or verbal, and this phase of the situation is of material importance to the units of the industry. By units I refer to employer, employee, and those dependent upon the industry for their livelihood. The main feature of importance, as I see it, evolves in the natural and inevitable competitive conditions that will follow.

Labor is the chief cost of industry; it is, of course, the most important phase of industry over and above its importance from a cost point of view, for the very fact that labor represents human effort, responsibility, and assistance. It is reasonable to say, therefore, that the matter of competition is of serious moment to the well being of the employees as well as the employers. If employers are to deal with their individual workmen either as union or non-union mechanics, then the condition of an unhealthy and unnatural competition must follow, for the characteristics of human nature have proven many times to be irregular, and irregularity in this sense would mean a diversified wage condition, which would further precipitate an irregular competitive cost for labor, which would still further establish an irregular base of cost and scale of competition. The organized labor movement therefore endeavors to maintain a living minimum wage with a view of protecting its members first, and second, protecting its industry against adventures therein, or that class of employers who make their profit from exploiting labor and who save their losses through the reduction of wages.

The question of the minimum wage as maintained by the collective action of working men and women, is a movement, as I have already indicated, that has for its purpose the establishment of a rate of compensation that would maintain the employees in an environment of respectability, and further, that every employer might at least be in possession of the fact that his competitor could not reduce the cost, labor, below the minimum figure established. Beyond those two points, organized labor then advances its cause upon the principle of increased efficiency and business cooperation. At least 65 per cent of the membership of the International Printing Pressmen and Assistants' Union receive a compensation in excess of the minimum established throughout their organization. This additional compensation over and above the minimum represents the degree of effort and the effect of the organization in the promotion of its general policies of increased efficiency.

For the foregoing reasons, primarily, statistics prove that in the commercial printing industry of this country particularly, where the organizations of the employees and the employers are jointly the strongest, the industry is more prosperous and the profits thereof more equitably distributed. On the other hand, where the workers are poorly organized, the employers are also disorganized, and the results are uniformly unsatisfactory from a business point of view. This condition is effective because of the small likelihood of combinations or corporations, it not being possible for a trust to exist in the commercial-printing industry.

In harmony with the general principles, as aforementioned, the best mode of procedure in the negotiation, the establishment, and the maintenance of agreements finds expression through international organization of working men and women and international associations of employers of a certain given industry. My statement in this regard is based on experiences we have had in our relationship with employers. With an international agreement covering a local society of employers and a local organization of employees there is a double means found in the establishment of responsibility. The international relationship of both organizations is more generally inclined to an adjustment of difference amicably than would possibly be the result if situations were left to local organizations of a contesting nature.

The International Printing Pressmen and Assistants' Union has at various times held international contracts with the United Typothetae of America, the American Newspaper Publishers' Association, and the Printers' League of America. The first and last named organizations of employers exercise organization activities in the commercial-printing industry alone, the American Newspaper Publishers' Association having its relationship with daily and weekly newspapers alone.

The contract with the United Typothetae of America failed to meet the requirements of the commercial industry—was not responsive to the interest of the industry—because the contract in the first instance was predicated upon a theory that denied the principles of collective bargaining or the maintenance of the principle of a community of interest. As has already been indicated by me, it is my opinion that there can be no equitable or amicable relationship or assurance of the conservation of our industry except through the assistance of the organized workers and their recognition by the employers. In the case of the United Typothetae of America's contract the employers insisted, and it was acceded to by the union for a number of years, that the contract should retain a clause in it that would give to the employers the right of discriminating against

a union man or a nonunion man as he might determine. If the organizations of the workers closed their doors against the nonunion workers, then there would be some justification for the idea as offered by the United Typothetæ, but the facts in the case are that organized labor expends more of its energy and income endeavoring to bring into its ranks the unorganized worker than through any other of its business operations. Its sum total purpose is to advance the principle of collective bargaining, community of interest, the increasing of efficiency, and the advancement of the industry as a whole.

The contract of the United Typothetæ failed because of its lack of community of interest; it failed because of the possibilities arising from specific provisions therein which made it optional with the employer to retain the services of union men or nonunion men as the employer might determine. In other words, such a contract could have but one effect, that of systematically destroying the organizations of the employees. This feature vitiated any possibility of mutuality and conciliation or arbitration under it and failed as result of that lack of confidence.

The Printers' League of America, which has succeeded in a measure the United Typothetæ of America as an employers' organization in the commercial industry, has profited by the experience of the United Typothetæ, and in the very first section of the agreement the broad principles of community of interest are set forth, and it reads:

"SECTION 1. In consideration of the Printers' League of America agreeing to employ none but members of the International Printing Pressmen and Assistants' Union to do work that comes under the jurisdiction of said International Printing Pressmen and Assistants' Union the Printers' League of America (and its branches) shall have the following guaranties:

"(a) All members of the Printers' League shall be protected under this contract by the International Printing Pressmen and Assistants' Union against walkouts, strikes, boycotts, or any other form of concerted interference with the peaceful operation of the departments over which the International Printing Pressmen and Assistants' Union exercises jurisdiction.

"(b) All disputes arising over scale provision, wages, hours and working conditions or renewing or extending contracts shall be subject to local arbitration under the provisions of this agreement, if such disputes can not be adjusted through conciliation.

"(c) The International Printing Pressmen and Assistants' Union shall at all times furnish sufficient competent help for the needs of the members of the Printers' League of America, but should it fail to do so, then, and then only until such time as the help required by the member or members of the Printers' League of America shall be furnished by the International Printing Pressmen and Assistants' Union, said member or members of the Printers' League of America shall be privileged to seek the necessary help elsewhere, provided that the prevailing scale of wages is paid.

"(d) The International Printing Pressmen and Assistants' Union further agrees that in cities where branches of the league are formed it will not permit its members to do the same class of work in nonunion shops except by mutual consent. Nor will it allow its members to work for a less wage scale or for longer hours than the scale and hours accepted by the branch league.

"SEC. 2. If conciliation between a local branch of the Printers' League and a local union fails, then an appeal to a local board of arbitration may be had as provided in the form of local contract recommended and attached hereto, and its decision shall be final unless appealed to the national board of arbitration, as also provided in said local form of contract. (Sec. 6-C.)

"SEC. 3. The national board of arbitration shall consist of the president of the Printers' League of America, or his proxy, and the president of the International Printing Pressmen and Assistants' Union, or his proxy. In the event of failure of the above board as constituted to agree upon an adjustment, they are then empowered to select a disinterested person who shall act as a member of the board. This board shall then proceed to render a decision as quickly as circumstances will permit and the decision so rendered shall in all cases be final and binding upon both parties to the controversy.

"SEC. 4. The national board of arbitration shall be under no obligation to take evidence, but do so at its option, but both parties to the controversy may appear personally or may submit records and briefs and may make oral or written arguments in support of their several contentions. They may submit an agreed statement of facts or a transcript of testimony, properly certified to

before a notary public by the stenographer taking the original evidence or depositions.

"Sec. 5. Pending final decision, work shall be continued in the office of the member of the Printers' League, party to the case, and all conditions obtaining before the initiation of the dispute shall remain in effect, and the award of the national board of arbitration shall in all cases include a determination of the issues involved, covering the period between the raising of the issues and their final settlement; and any change or changes in the wage scale of employees may, at the discretion of the board, be made effective from the date the issues were first made.

"Sec. 6. The national board of arbitration must act when its services are desired by either party to an appeal as above, and shall proceed with all possible dispatch in rendering such services.

"Sec. 7. All expenses attendant upon the settlement of any appeal or hearing before the board shall be adjusted in each case in accordance with the directions of the national board of arbitration.

Sec. 8. The rules and regulations in addition to the provisions above quoted shall be identical with those found in the recommendation for the form of local contract for the proper method of procedure and number therein under section 2, as 1, 2, 3, 4, 5, 6, 7, and 8.

SEC. 9. In the event of either party to the dispute refusing to accept and comply with the decision of the national board of arbitration, all aid and support to the firm or employer, or member or members of the union, refusing acceptance and compliance, shall be withdrawn by both parties to this agreement. The acts of such employer or member of the union shall be publicly disavowed, and the aggrieved party to this agreement shall be furnished by the other party thereto with an official document to such fact."

In every instance where controversies have arisen between locals of the International Printing Pressmen and Assistants' Union and locals of the Printers' League of America amicable adjustments have been the result. There is but one weakness that can possibly be cited against the contract of the International Printing Pressmen and Assistants' Union with the Printers' League of America, and that is the question of arriving at an adjustment in the event of failure to agree upon the third man of the national board of arbitration. I shall touch on this phase of the situation again before completion of this paper.

The contract of the International Printing Pressmen and Assistants' Union with the American Newspaper Publishers' Association, which has expired, met with the same general satisfaction as did the contractual relationship referred to above as existing between the International Printing Pressmen and Assistants' Union and the Printers' League of America. One great difficulty, however, and defect existing in the agreement with the American Newspaper Publishers' Association was found in the declination of many of the members of the American Newspaper Publishers' Association to join in contractual relationship. In other words, they retained their membership in the American Newspaper Publishers' Association, but refused to become parties to the contract in so far as it applied to relationship with the unions, and further maintained their right to participate in its construction. This fact to no small degree minimized the value of the contract between the American Newspaper Publishers' Association and the International Printing Pressmen and Assistants' Union. I am credibly informed that this defect exists in the relationship of the Publishers' Association with other international printing trades-unions.

The effect of the publishers' attitude, as indicated above, finds expression in the lockout of the web pressmen in the city of Chicago on May 1, 1912. This is possibly the most serious difficulty that has arisen in the newspaper industry for a great many years, and it was in no small degree due to the failure of the American Newspaper Publishers' Association to compel its members, the newspapers of Chicago, to act in harmony and come under the provisions of the international arbitration agreement with the International Printing Pressmen and Assistants' Union. For example, the local publishers of Chicago holding a local agreement providing for conciliation and arbitration for over two years succeeded in evading the demand of the union to go to arbitration looking to the advancement of a wage scale that had been effective for about seven years. The local publishers could very readily assume this position because of the lack of responsibility exercised over the local publishers by their national association. In other words, while the American

Newspaper Publishers' Association held a national contract with the International Printing Pressmen and Assistants' Union they permitted their Chicago membership to act individually, and at the same time the Chicago association was dealing with a subordinate body of the International Printing Pressmen and Assistants' Union.

The matter of procedure under the publishers' contract in conciliation, local arbitration, and national arbitration was in the main identical with that of the Printers' League of America contract already referred to.

The labor movement in general, and especially the printing trades-unions of America, stand committed to the principle of the adjustment of difficulties by the means of conciliation and arbitration. It is not the inclination or desire of the printing trades artisans of this continent to participate or precipitate in a strike or a lockout, or in any other concentrated movement that would involve the stability, success, and prosperity of the printing industry, and I am confident that the majority of the strikes and lockouts that have taken place in recent years in the printing industry have been more as the result of a misunderstanding than from any practical reason. The International Printing Pressmen and Assistants' Union is classified as being the most militant of the five international printing trades unions; the records show, however, that with the exception of the eight-hour-day campaign of 1907 there has been less than 20 strikes called throughout the entire jurisdiction of North American, with about 400 subordinate unions.

The best indication of the desire of the printing trades-unions for peaceful relationship with employers of the printing industry, and their willingness to embrace the principles of conciliation and arbitration, is conclusively evidenced in the recent international federated agreement entered into by the representatives of the five international printing trades organizations. This agreement is primarily a peace compact not only as it affects the relationship of the unions with each other but particularly as it affects the relationship of the unions and the printing industry. The fundamental principle of the federated agreement is predicated upon the idea of conciliation and arbitration. For example, the five international unions agree that where a dispute arises with an employer and a subordinate union of any of the five international bodies, representatives of those international unions are required to meet with the employer and endeavor to adjust the difficulties amicably by conciliation and arbitration. It has been further agreed by the representatives of the five international printing trades-unions that individual contracts made shall carry a clause providing that where a dispute arises between any of the subordinate unions of the five international organizations and where the employer refuses conciliation and arbitration, that then under such conditions the contract becomes null and void. This is the clearest indication of the real purpose of the proposed printing trades federated contract, and it is apparent to all that it rests upon the principle of peaceful relationship by and through the measures of conciliation and arbitration.

Reference has already been made in this paper to the difficulties that have arisen and the possibility of them in the future as regards the question of agreeing upon an unbiased odd member of arbitration boards. The possibility for delay in arbitration proceedings, and the experiences we have had as a result of delays in the past, have dissipated to no small degree the employees' confidence in conciliation and arbitration. This has been overcome somewhat, however, by advanced agreement that upon the settlement of a dispute the conditions arrived at should become effective on the date of the raising of the dispute. This arrangement, as I have already indicated, has in the main been voluntary. No specific requirement that this be a condition has ever been established in the printing industry; our agreements have only contemplated such a course if the arbitration board so desired.

From the result of international relationship with employers' associations I feel that strikes and lockouts and general disturbances in the printing and newspaper industry would be almost entirely eliminated by the establishment of an agreement that would contemplate the following:

First. An agreement jointly embracing all of the organizations of the industry and employers of the industry.

Second. The agreement to provide for conciliation, local and national arbitration.

Third. The agreement to carry a clause requiring that upon the opening of negotiations for an increase or decrease in wages, or the change of working

conditions, that such change arrived at should become effective from the date of the raising of the issue or from the inception of negotiations.

Fourth. That the contract carry with it a clause requiring the five international unions and the employers to render joint assistance in the maintenance of technical schools for the advancement of the industry and the increasing of efficiency of the units therein.

Fifth. That the contract provide a board of general review representing the organizations and the employers of the given industry whose authority it will be to pass upon the matter of differences that fall of adjustment by conciliation and arbitration. The chief purpose of this provision is to make possible a further effort to arrive at an amicable settlement, and if then failure results, make possible the placing of the responsibility upon the party guilty of an unfair attitude.

The provisions as outlined above, in my opinion, will minimize to the lowest possible degree difficulties that have heretofore brought about the cessation of business; it would, on the other hand, increase the community of feeling; would harmonize cooperation and advance the commercial possibilities of the industry to a point more responsive to the requirements of those engaged in it. The further effect of such an arrangement would very quickly establish the fact that the success of the industry is essential to the employee as well as the employer.

There is but one additional suggestion that I could make, and that is in harmony with the assumption that the United States Commission on Industrial Relations is either to have a permanent existence or from it a board is to be established as result of its investigations that will have for its purposes the furtherance of industrial peace and justice.

It is not compatible with the interest of free and voluntary organizations to suggest the practicability of compulsory arbitration; such a system would fail miserably, as has been the result in practically every instance where it has been given a test. It is my opinion, however, that if the duties of this commission were broadened or some industrial board of the future was given the authority to investigate into industrial differences before or after a dispute, and preferably before, to exert efforts to prevent difficulty and to maintain a voluntary board to act where the contesting parties have failed to agree in the completion of an arbitration board, you would find that not only would the great majority of such disputes be presented to the Government board, but you would see in this further arrangement looking to peace, another substantial reduction in wasteful industrial conflicts.

The organization of working men and women can not fail in its efforts to maintain an organization. The efforts of employers to destroy organizations of working men and women therefore constitutes a policy of destruction rather than construction. Organized labor's willingness, as a general proposition, and with a growing tendency toward conciliation and arbitration, is manifestly sufficient in importance to justify the Government offering its persistent efforts and influences toward industrial peace and justice.

GEO. L. BERRY,

President International Printing Pressmen and Assistants' Union.

APRIL 7, 1914.

BUILDING TRADES.

PRINCIPLES AND PLATFORM ADOPTED AT THE NEW ORLEANS CONVENTION OF THE NATIONAL ASSOCIATION OF MANUFACTURERS IN 1903.

(1) Fair dealing is the fundamental and basic principle on which relations between employees and employers should rest.

(2) The National Association of Manufacturers is not opposed to organizations of labor, as such, but it is unalterably opposed to boycotts, black lists, and other illegal acts of interference with the personal liberty of employer or employee.

(3) No person should be refused employment or in any way be discriminated against on account of membership or nonmembership in any labor organization, and there should be no discrimination against or interference with any employee who is not a member of a labor organization by members of such organization.

(4) With due regard to contracts, it is the right of the employee to leave his employment whenever he sees fit, and it is the right of the employer to discharge any employee when he sees fit.

(5) Employers must be free to employ their work people at wages mutually satisfactory without interference or dictation on the part of individuals or organizations not directly parties to such contracts.

(6) Employers must be unmolested and unhampered in the management of their business in determining the amount and quality of their product and in the use of any methods or systems of pay which are just and equitable.

(7) In the interest of the employees and employers of the country no limitation should be placed upon the opportunities of any person to learn any trade to which he or she may be adapted.

(8) The National Association of Manufacturers disapproves absolutely of strikes and lockouts, and favors an equitable adjustment of all differences between employers and employees by an amicable method that will preserve the rights of both parties.

(9) The National Association of Manufacturers pledges itself to oppose any and all legislation not in accord with the foregoing declaration.

REPORT ON DEFINITIONS OF METHODS OF PAYING LABOR.

[Sanford E. Thompson, consulting engineer, Newton Highlands, Mass.]

Piece rate: A price is fixed for each unit quantity of work, regardless of the time it takes to perform it.

Premium and bonus are used in a broad sense to denote any reward above the daily wage.

The Halsey premium plan establishes a time for doing a piece of work based on records of past performance or fixed by estimate. If the work is finished in less time than this base time, the saving in wages is divided and a part, usually one-half, is given to the workman.

Task setting consists in fixing by scientific study the time that should be necessary to do a piece of work at a speed not injurious to the workman and with a reward over and above day wages offered for the accomplishment of a piece of work in or within the time specified. The reward may be figured in various ways, as follows:

In the bonus system a man is guaranteed his regular day rate, but earns nothing in excess of this unless he accomplishes the job in the task time, and in this case he receives in addition to his day wage a substantial bonus, figured as a percentage (usually at least 30 per cent) of this wage. If he finishes his job in less than the task time, he receives a further reward, the amount of which varies with different plans of payment.

When the premium system is used in scientific management, as at the Watertown Arsenal, the premium time is made, say, 66 $\frac{2}{3}$ per cent larger than the task time (as defined above) and, as in the Halsey plan, if the job is finished in a shorter time than this, the worker receives a reward equal to half the saving. It differs from the Halsey plan in having the base time fixed by scientific standards instead of by estimate.

With the differential piece rate a man receives a higher price per piece if the work is done in the standard time without imperfections than is paid if it takes a longer time or if the product is imperfect. Suppose, for example, that the standard time requires a man to do 20 pieces in a day. If he finishes these 20 pieces, all perfect, he receives, say, 20 cents per piece, or \$4. If, however, he finishes less than 20 pieces, instead of 20 cents per piece, he may receive 10 cents per piece. Thus, for 19 pieces he would receive \$3.04.

EFFICIENCY SYSTEMS AND LABOR.

COMMISSION ON INDUSTRIAL RELATIONS.

WASHINGTON, D. C., *Monday, April 13, 1914.*

The commission met at 10 o'clock a. m. in the assembly room of the Shoreham Hotel.

Present: Commissioners Frank P. Walsh (chairman), John R. Commons, Mrs. J. Borden Harriman, Frederic A. Delano, Harris Weinstock, S. Thruston Ballard, John B. Lennon, James O'Connell, and Austin B. Garretson.

Present also for the commission: Mr. W. O. Thompson, counsel; Mr. W. Jett Lauck, managing expert; Mr. George E. Barnett, special investigator; Mr. B. M. Manly, superintendent Division of Industrial Investigations; and Mr. F. H. Bird, superintendent Division of Public Agencies.

The CHAIRMAN. The commission will please come to order. On the hearing on efficiency systems and labor I have but one general suggestion to make, and that is that so far as possible the subject be confined to the question of the relations that arise naturally between employers and employees in the application of efficiency systems or scientific management.

I would be glad to have the witnesses who are present kindly take seats on the first-row chairs to the right and attend as far as possible the hearing, so that each witness as he testifies may be heard by the other witnesses.

The first witness on the calendar for to-day is Mr. Frederick W. Taylor, of Philadelphia.

Mr. Thompson, you may proceed with the examination.

TESTIMONY OF MR. FREDERICK W. TAYLOR.

Mr. THOMPSON. Mr. Taylor, will you kindly give us your full name and address?

Mr. TAYLOR. Frederick W. Taylor; Chestnut Hill, Philadelphia.

Mr. THOMPSON. What is your business, Mr. Taylor?

Mr. TAYLOR. Consulting engineer. I, however, have given up all work for money, for pay. For the past 12 years all the work I have been doing has been done not for pay, but, if I may say, in the interest of scientific management, trying to further the cause of scientific management.

Mr. THOMPSON. You may state briefly, if you will, what your experience was before that, and then a little more fully as to what you are doing in carrying out this work for which you receive no compensation.

Mr. TAYLOR. I received my preliminary education in Germantown, where I was born, near Philadelphia, and went abroad for three and one-half years, and was at school in Paris and Berlin and Stuttgart and Italy, and returned and went to Phillips-Exeter Academy, and entered Harvard University. My eyes broke down and I was obliged to work for seven years as an apprentice; I served two apprenticeships, and then went to the Midvale Steel Works as a laborer, because I could not get employment as a mechanic, and went up through the Midvale Steel Works until I became chief engineer and manager of the works. Then I left the steel works, because I believed there was a larger field of usefulness in introducing the principles of scientific management into other establishments.

From that time until I retired in 1901, I was engaged in systematizing and introducing the principles of scientific management into various industrial establishments. Since that time I have been attempting to help a good many of my friends to introduce the principles of scientific management in industrial establishments, helping them by teaching them, and by, so far as is possible, giving men the opportunity to work in establishments which are introducing scientific management. That has been my work since then.

Mr. THOMPSON. Do you maintain an office and a force?

Mr. TAYLOR. I have an office with a private secretary, but I have no money-making establishment of any sort, and no affiliation or connection with any money-making affair of any kind.

Mr. THOMPSON. Do you educate other people in your system, or do they educate themselves by reading your books?

Mr. TAYLOR. For a good many years past there have been quite a number of men who were very competent, men who showed ability in this direction, whom I have been teaching and helping to learn scientific management. My part consists largely in securing the opportunity for them to work in various establishments, and where they can not afford to do without the salary I have paid the salary of quite a number of them for several years while they are learning the introduction of scientific management. I may say that every cent of my surplus income, and a little more, for a good many years has gone into the cause of scientific management.

Mr. THOMPSON. Then your work in that matter is really a work of social welfare and advancement?

Mr. TAYLOR. Well, I am asked continually to contribute to charities of various sorts and my universal answer is that I do not conceive there is any charity to which I could devote my money that would compare in any way with the good that is done by scientific management. My reason for that is that as many as a thousand or two thousand men annually come under the principles of scientific management, who automatically receive an increase of from 20 to 100 per cent in wages, and who become the best friends that their employers can have. That is to say, instead of being enemies of their employers, they become their warm, firm friends, and they enter upon careers of prosperity and development such as they never have had an opportunity to have before. That is largely brought about by the effort of men who are capable of going into the old type of establishments and guiding and directing them during the change from the older to the newer type. So I feel that every cent and every minute that I can put into that, while it may not be a charity, is certainly accomplishing more for my friends, the workmen, than anything else I could do. And I want to make it perfectly clear, because I do not think it is clear, that my interest, and I think the interest of every man who is in any way engaged in scientific management, in the introduction of the principles of scientific management, must be first the welfare of the workmen. That must be the object. It is inconceivable that a man should devote his time and his life to this sort of thing for the sake of making more money for a whole lot of manufacturers. Incidentally it is impossible—anyone who has any sense and who has lived in the world knows that it is impossible—to do the one without doing the other. You must make their interests mutual. And I may say that I would not devote 5 minutes of my time to this if it were not for the workmen. What I am working for is for this increase in prosperity and happiness and wages, and particularly in the friendliness of the working people toward their employers. That is my chief work.

Mr. THOMPSON. You have been invited to come here and present your ideas in the form of testimony with reference to efficiency systems and labor, teaching men how to work in the carrying out of efficiency systems. What have you to say on that subject?

Mr. TAYLOR. I have a great deal to say if the commission would like to listen. The CHAIRMAN. That is good. You may proceed.

Mr. TAYLOR. I would suggest that if I may be allowed to do so I be given time to set forth the general principles of our system and its relation to the workmen without answering any questions until the subject is rounded out. If the gentlemen will kindly make notes of questions they would like to ask, they will find that 9 out of 10 of them will answer themselves automatically. So it will save a lot of questioning if you will write down the questions and ask them all at the end. I do not want to dodge questioning. I welcome it, and I would rather have the questions than to say what I am going to say, but in order to eliminate a very large number of questions, I would suggest that I be allowed to talk without interruption until I have told the story, so to speak.

The CHAIRMAN. Very well. You may proceed in that way.

Mr. TAYLOR. I am going to talk about workmen, to generalize about workmen, and I hope I can make myself clear at the start that in what I say of workmen I have in mind only that limited class of workmen who are engaged in what may be called coordinated industries, not the workmen who are engaged in isolated work; because it is very important to make that dis-

tion. The generalizations which apply to that class of men do not apply to the isolated worker. They do not apply to the gardener, the coachman, or to the man who is doing work for his own account. So I am going to generalize about workmen a good deal; and, again, let me say that in talking as briefly as I am about to talk, I have to state broad truths which, of course, are subject to a vast number of exceptions. I do not mean to be dogmatic and to neglect those exceptions, but I do mean, in what I have to state, to state broad truths. Please bear that in mind, because otherwise what I am going to say will sound ridiculous and, in some cases, preposterous, because there are so many exceptions to the rules.

As I conceive it the most serious fact that faces the industrial world to-day—not only in this country, but all over the industrial world—is the broad fact that the average workman believes it is for his interests on the whole to go slow, to curtail the output rather than to turn out as much work as he can each day. Workmen throughout the civilized world are firmly convinced that it is for their interest to go slow instead of going fast. That is, I conceive, the saddest, the most unfortunate fact in industry to-day. There are two great causes for that in the minds of the workmen. The first is, that if you will take any trade, I do not care what it is, and suggest to any set of workmen in the trade that it would be a good thing for them to double their output in that trade, they will say right away, "I do not know anything about other people's trades, but I do know that in my own trade there can be but one result from doubling the output—that is, that half of us would be thrown out of a job inside of a couple of years. That is all that would happen in our trade." That fact is so self-apparent to the average workman that it does not admit of an argument and you can not reason with him about it. He says, "My dear boy, I do not know anything about other trades, but in my trade half of us would be out of a job if we were to double our output." That settles the whole question as far as that man is concerned. You can not argue with him.

Not only that, but I find that doctrine is very largely believed in by my friends—the leaders of the labor unions. They are firmly convinced that that is true. I find not only that, but that a great majority of men who are well read with relation to industrial matters, and well read with relation to the history of industry, will say the same thing and will reach the same conclusions. They will say it is almost an axiomatic fact. And, yet, gentlemen, I ask any one of you to point out a single instance where that has happened. I have never yet been able to find out a single instance. If any of you have found it, I wish you would point it out. I have yet to find a single instance in which exactly the opposite has not been true. In every instance the introduction of labor-saving machinery—never mind if it could result in turning out twenty times the amount of work that was formerly turned out, never mind what has come in which has increased the output—I would be glad to have anyone point out a single case in which the result of that increase has not been to make more work for more men in that trade. It has never thrown men out of work except temporarily—right in the first three or four months, perhaps. The effect has invariably been to make work for more men in that particular trade in every case. I have never yet had a case pointed out in which that was not true. I am looking for a case, and I am hoping that some one will point out such a case.

That sounds like an extraordinary fact. How can the introduction of labor-saving machinery keep on making work for more men in every trade?

There is one trade in which that is not true, if you choose to call it a trade, or one occupation, and that is the occupation of farming.

One hundred years ago it took 80 per cent of the world's workers to feed the world. To-day it takes 33 per cent of the world's workers to feed the world. It is from this great farming population that the men are coming to the trades, and the more you introduce labor-saving machinery, the more you do in the direction of increasing it. The more men that come from the farms to the industries—the more men devote themselves to that side of the work. That is the history of industry, and it is a very significant fact. It is such a vital fact that I think that every man who has a knowledge of the matter, who has any interest in the working people of the world, ought to realize that when any device comes along which makes for the increase of efficiency, it enables the same number of workmen to turn out a larger amount of work, and that instead of injuring the workmen or throwing them out of work, it is on the way to create more work for the men in that

trade. That is the universal history of industry. But there ought to be at least one illustration, because, after all, my say so amounts to nothing. Let us have one illustration of this fact, because, after all, illustrations are what count, and not somebody's notions, theories, talks, or generalizations.

Take the cotton industry, for instance. In 1840, or thereabouts, broadly speaking, 1840, the power loom superseded the old hand loom. The power loom was invented 50 years before, but at that time inventions were very slow in being introduced. About 1840 it came into Manchester, England. There were at that time in Manchester 5,000 weavers, and those men knew what the loom was going to do, that it would turn out three times the work that they had been turning out in the past, and they knew that after the power loom was introduced, instead of there being 5,000 weavers in Manchester there would be only 1,500 of them left. Gentlemen, realize that at that time the immobility of labor was something appalling. A man was born in the trade, and he lived in the trade, and he died in the trade. He was born in a town, and lived in a town, and never moved out of that town until he died. That was the rule. You will remember the laws that were made only a little time before that prohibiting the migration of workmen from one county to another in England, so that labor was exceedingly immobile; and these weavers, when they saw this power loom coming, saw themselves and their families facing starvation. Put yourselves in their place. Before we judge harshly of any set of men, we should put ourselves in their environment. I am not defending arson or murder, or anything of that sort, but I want you gentlemen to put yourselves in their places before you judge these poor fellows too harshly. What they did was to break into the establishments in which the power loom was coming, to smash the looms and to burn the establishments, and to beat up the scab, and to do everything possible to stop the introduction of that power loom. I do not blame them. You and I would have done the same thing, or if not the same thing, then the same thing in kind, for broadly speaking, we would have fought for our lives and families; so that I want you gentlemen not to condemn these people too severely. It was in kind what you and I would have done.

What was the effect of their fight against the introduction of the new labor-saving machinery? Just what it always has been, just what it always will be. It was nothing. The power loom came right along. I am not sure its introduction was not accelerated by the fight. I am sure that in many cases opposition to the introduction of labor-saving machinery accelerates its introduction. I am sure that the opposition to the introduction of scientific management has accelerated its introduction, and not retarded it in the least. It has gone on far more rapidly since the opposition became more acute than before, and it will be so.

If scientific management is designed for increasing the efficiency of men without materially increasing their effort and without overworking men, then, mark my words, any opposition, from whatever source, however powerful and whatever it is, will merely increase the rapidity of its introduction. That is the history of industry.

I predict the same thing for scientific management, if what I say is true, and if it is not true, it is going to fail, and ought to fail. That is the history of industry.

The power loom came. Let us see what happened. Less than 100 years have gone by. The population of England in that time has certainly not more than doubled, and for every man engaged in the cotton industry in Manchester now there are 10 yards of cloth produced to 1 yard that was produced before the introduction of the power loom, which is before this fight in 1840. Ten yards are coming out now, to every man in the industry, for one that was turned out before 1840. There were 5,000 weavers in Manchester, England, in 1840. There are now 265,000. Has that thrown men out of work? Has the introduction of labor-saving machinery thrown men out of work? Two hundred and sixty-five thousand men are working there now where there were 5,000 in 1840, and each of those 265,000 men is turning out at the very least 10 times the yardage of cloth turned out in 1840. Multiply that, and you will find that for every yard that went out in 1840 there are at least 500 yards of cotton that go out to-day, and that is the history of industry. That is an illustration of why the world is making progress. That is an illustration of why the workmen of to-day live so much better than they did some time ago. I have got lots of them who are my friends, I have lots of them into whose homes I go, the families of mechanics, and I know that they live

better than kings did 250 years ago. They have more luxuries, and more that is fine in life, than kings did 250 years ago. What is it due to—this increase of output? All of that goes to luxury, leisure, art, culture, because of this increase in output. That is the source of it. It gives them the opportunity for it.

What is the fundamental meaning of this? There is something back of this output in cotton. What does it mean? It means two things, that all you have to do in this world is to bring true riches into the world, and the world uses them. That is the fundamental meaning. All you have to do is to create riches and bring them into this world, and the world uses them. Think of it, 500 yards of cotton cloth now being manufactured and turned out at Manchester, England, to every 1 in 1840! We do not think of the fact that in 1840 cotton goods were a luxury, to be used only by the rich people, that the poor people wore ragged woolen goods. What possibly has become an everyday necessity, an absolute thing of necessity to all of us, at that time was the greatest kind of a luxury; and that is what is going on all over the world. That is what is going on in every industry throughout the world—this change from rank luxury in one generation to what becomes absolute necessity in the next; and I am looking forward, through this same increase in output, to the fact that 100 years from now the working people are going to be living just as well as merchants live now, just as happily; and what is it coming from? This increase in output, and nothing else. I am dwelling on that, because, after all, the greatest source of opposition to the introduction of scientific management is because the working people are afraid of throwing people out of work. They are afraid that through scientific management people will be thrown out of work. That is the greatest reason for the main opposition to scientific management.

I want to call attention now to one thing, and that is that the working people are in no way to blame for this opposition. I want to know who is bringing these facts to the attention of the working people of this country? You gentlemen live in various cities. What man in your city has talked to them and told the working people what I have been telling you now? On the contrary, their leaders, honest men, straightforward men, but simply badly educated men, men who have not looked into their own trades, are telling them the opposite thing and they are suggesting the strictest legislation in almost every trade-union, in the interest of the trade, for fear some one will be thrown out of a job, in order to maintain the prices, and for various reasons. There is hardly a trade in which there has not been restrictive legislation enacted, in which there has not been suggestion of it. Who is telling to the working people what I have said to you now? I do not know who it is. Who is pointing these facts out to them? Gentlemen, if you would go to England and if you would look at the condition there you would find that it is something frightful. I am heartily in favor of a redistribution of wealth, to a certain extent. I believe, to a certain extent, there is too much wealth in certain hands and too little in other hands. I am heartily in favor of that, but when it comes to the socialistic legislation that is going on in England, it is doing nothing. It is doing nothing; it is putting a little bit of a plaster on the outside. The great fundamental fact in England is that every workman in England is born to the fact that he must curtail the output if he is going to do his duty to himself and his kind.

What do you think of it? Just think of it! I have a magazine published last August containing an article by Ellis Barker, one of the greatest statisticians of England, in which he gives 30 American trades and English trades in which the output of the average American workman is shown to be more than three times that of the English workman. The English workmen are just as good as our workmen are. I have run up against them and I know they are just as good as our men. But they have that restriction of output; the unions have had such control for such a length of time there—but in an absolutely misguided way and absolutely through misunderstanding—that they have restricted the output to such an extent that those poor fellows over there turn out only one-third of what our men are able to turn out. How can they get wages—not so much wages, but how can they get food, the luxuries of life, and even the ordinary necessities of life when they are only turning out one-third of the output?

Wealth comes into the world from no other source. It is what these men produce that constitutes the wealth of the world, and no amount of juggling, no amount of legislation, no amount of anything else, will ever give that wealth to the people unless these men produce it. You have to bring it into the

world and give it to them, and yet they are refusing to bring it into the world. They are robbing their own kind, because nineteen-twentieths of the wealth of the world is consumed by the poorer people and one-twentieth of the wealth of the world is consumed by the rich. All the poorer people are suffering, and they will as long as they fail to get these good things, and it will not be the rich people who will suffer. That is what the poverty of England is due to to-day, and that is what Barker points out. I have known isolated facts; in every industry I have looked into myself I have found that in comparison with England we are producing three times as much, and I went further than Ellis Barker and have looked into many instances, and have gone into the work-rooms of these people, and these poor fellows are deliberately soldiering, deliberately restricting output and doing it conscientiously because they believe it is for the good of their kind. There is nothing dishonest about it as they see it. It is merely a bad instruction, merely that they do not know what they ought to be doing for their own interests. They have never been properly educated.

What is the end of this? It is horrible when you think of it. What is the ultimate effect of this restriction of output? It means the people in England who have passed 65 years of age are living on less than \$2.50 a week. That is the outcome of it all. Two-thirds of the people who are past 65 years of age are living on less than \$2.50 a week. That is due to restriction of output, and you may legislate all you please for redistribution of wealth; but until in England they climb up and do a proper day's work and do what they should do by turning the entire thing over, they will never get wealth, they will never get the luxuries, and they will not even get the necessities.

What I want again to emphasize is that the working people are not to blame for this.

The second cause is this: If you are making a pen like this [indicating], let us consider what the situation is. Let us assume that a pen like that can be made by a single man. It can not, of course, but let us simply assume that one man can make a pen like that. He is making 10 pens a day and getting \$2.50. If he has any kind of a foreman, that foreman is the sort of a man who sympathizes with his men and wants them to prosper and he will say to this workman, "You are making 10 pens a day; you are getting \$2.50 a day. Why not make them by the piece?" The man will say, "That is first rate; I will be delighted to do it." At the end of the year, the workman, through his own exertions and the help of his foreman and friends who have been around him, through his own ingenuity and through the incentive that is offered him, finds himself turning out 20 pens instead of 10. That is a very common and usual thing, not at all unusual. The workman is delighted, because he is getting \$5 a day where before he got \$2.50 a day. The workman is pleased, because he has doubled his income. The foreman is pleased because he has doubled the output of his shop with the same number of men.

Everybody is pleased except some member of the board of directors. I have been a member of boards of directors, and I imagine that some of you have likewise been members of boards of directors. We must not condemn this man, because he thinks it is his duty to do it, but some member of the board of directors calls for the pay roll, and to his horror he finds that a lot of his workmen are getting \$5 a day, whereas the ruling rate of wages for workmen of that kind in that community is \$2.50. I have seen that over and over again. It is a shock to that man. It is a genuine question with him; from his viewpoint, we are ruining the labor market in our part of the country. He will say that Washington can not compete with other places because we are paying \$5 a day and the rest of the country paying \$2.50 a day. It is perfectly self-evident to that man, or he thinks it is. It is a fallacy, but he thinks he is right. He sends for that foreman and wants to know the reason why those men are paid \$5 a day when similar men in a similar occupation in other parts of the country are paid \$2.50, and he is told he must stop ruining the labor market of Washington. That foreman, with sadness—if he is any kind of a man, and in nine cases out of ten he is—is utterly disgusted, but is obliged to reduce the men's piecework prices until he finds himself turning out 20 pens a day and only getting \$2.75, if he is liberal, or \$3 a day, where he only got \$2.50 before. That is what takes place all over the country under the piecework system; that is the piecework system. Those of you who have worked under it know it. Those of you who have been bosses know it. That is the system of the world in piecework. I am not blaming the people, because there was not for a long time any other system or any better system than that. There was no alternative. That was all they could do.

Just let me tell you one thing: There are a great many people who question the honesty of the workmen, who debate whether they are not deteriorating in this country, etc. Whatever your views as to the honesty or dishonesty of the workmen, my personal experience with them has been that they are just as straight, just as praiseworthy as any other class in the community—not more so; not less so. I have been among them and have worked with them for many years, and I have as many friends among them as I have in any other class. That is my personal experience, and whatever your opinion be on that point, whatever your views may be, just put one thing right down: Whatever the workmen of this country are or are not, they are not damned fools. That is straight. They may be a lot of other things, but that they are not. It just takes one cut like this—just one—to make them soldier for life. Who can blame them? They start deliberately and soldier for life, and it becomes a set habit with them. I did not even have to have it before I started to soldiering. I never got my cut. I was too keen. The boys informed me beforehand, when I was an apprentice. When I came into the work I began soldiering without being cut and without being told. We were all intelligent boys; we were all good boys. I do not know that I got a cut all the time I was working. I was very careful. I watched that clock with a very great deal of care, and if I could have turned out 20 times the work I was doing, and if that was the basis, I watched that just as everybody else watches it—and you can not blame them. I was wrong. It would have paid me and the other people much better to have taken our cut and gone right ahead. It is a good deal to ask of a human, however—to ask anyone to accept that cut and smile over it and think it is a good thing for you.

The working people are not to be blamed for that, nor are the employers to be blamed. Hundreds of employers who have to do that deplore it. Their foremen deplore it and their superintendents deplore it. Everyone who is cutting these wages deplores it. It is a sad fact in industry. It is not something that anyone is proud of. I have yet to hear the first man who is proud of it on either side. But there is no better way than that.

What I want to emphasize is this: I want to call your attention to this, because this is perhaps the most important, or one of the most important, facts connected with scientific management. I want to emphasize the fact that the very first step that was taken toward establishing that state of principles which have come to be known as scientific management was taken in an earnest endeavor to correct this evil of soldiering. That is what led to the first move toward the introduction of the principles that have come to be known as scientific management. Gentlemen, every subsequent step that is taken in the introduction of these principles was taken in exactly the same way—not as a theory which someone propounded; not that someone said, "Here is a new idea or scheme or plan," or whatever it might be that might be a good thing to try; not at all—but because there was a crying evil existing in the whole system, palpable and present, and because as the endeavor was made to correct that evil and to correct that existing evil, so that at every step scientific management has been an evolution and not a theory. I want to emphasize that, because every man who has had much experience in this world must be profoundly suspicious of every new theory, and I do not care what that theory is—his own as well as everyone else's—he must be profoundly suspicious of it.

For my own part, whenever I have a new theory, whenever I evolve a new theory, and it has not been tried out and tried out and tried out, whenever I have made a new invention—and I have taken out probably 100 patents—whenever I take out a new patent or develop a new invention of any kind, I say to myself in the enthusiasm of the moment, "By George, that is the finest thing that ever happened; that is a remarkable invention, and it has got to be patented right away." So I proceed to patent it. After the enthusiasm subsides a little bit, then I say to myself, "Freddy, my boy, doubtless this is the most remarkable thing that ever happened in industry, particularly in this branch of industry, but probably the fact is, dear boy, that it is just like the other ninety and nine; it is not worth a damn." That is what I have to say about my own theory and what I say about the new theory of everyone else that comes along.

I do not want anyone to confuse scientific management with the new set of theories that are being formed. No one ever reasoned out the theories of scientific management until it had been in use for probably 20 years; no one ever thought that there was a new set of principles. It came as a development of one thing after another, and gradually a set of principles grew up which differed radically from the older principles. No one took pains to analyze those

principles and get to the bottom of them until after they had been in use for 18 or 20 years. Then we began thinking—to analyze them. We said to ourselves, "Here, a new thing has taken place. What is this?" I want to emphasize that it is an evolution and not a theory.

Scientific management exists in a very large number and variety of establishments, and it is safe to say that in the average establishment where scientific management exists the workmen are turning out twice as much work per man as they were before. That is in the average establishment. In many, of course, they are turning out much more than that, and in some few, less than that, but in the average establishment men are turning out about twice as much work. The output of the establishment has been doubled. That has resulted in an increase in profits and the companies have profited by it. It has resulted in many cases in lowering the selling price, so that the general public has gotten something out of it. But, gentlemen, let me tell you that in the end neither the working people nor the manufacturers are going to get much out of it, that is, a hundred years from now. The general public is going to have it all. The whole world will have it. That is the history of industry. For a while the manufacturer has gotten the most out of it. Then comes along the workman in that industry, and he gets some of it, but very soon the whole general public gets it all, practically speaking. That is the history of industry.

Let me, however, digress here and point out one fact which has not been generally appreciated, and which ought to go to the credit of scientific management; a very important fact, that this is the first instance in the history of industry in which the introduction of labor-saving devices has been done by men who have insisted from the start that the workmen should at once get their share. The men who have introduced scientific management have insisted that the workmen should get an increase in wages. In the introduction of labor-saving machinery formerly the manufacturer has got it all, at the beginning. Every man who comes under scientific management gets automatically an increase of from 33 per cent to 100 per cent in wages at once. This is the first case in industrial history in which that has been true, so far as I know.

There may have been isolated cases that I do not know of, but certainly there has been no general movement. Certainly that has not been characteristic of the introduction of labor-saving machinery, as you all know. In many cases the first effect of the introduction of labor-saving machinery was perhaps to lower wages, because a cheaper type of man was able to run the machine, in some cases. Of course, in the end the whole world profited by it. But in justice to scientific management I want to emphasize the statement which I have just made, that from the start the people who have introduced it have insisted that the workmen should at once get an increase in wages. The owners of the business have a larger profit, the general public shares in the profit, but without any question the workmen have gotten the greatest good that has come under scientific management. There is not the slightest shadow of doubt about that. As I said before, the very moment that workmen come under scientific management, where a man goes from an establishment right next door into one of our establishments, he gets an increase of from 33 to 100 per cent in wages, depending on the character of his work, and that happens right away. That is worth while; and yet without any hesitation I say it is not the greatest gain that comes to workmen under scientific management. The greatest gain that comes to them comes from the fact that they come to look upon their employers as the best friends they have in the world. That is the greatest gain that comes to them under scientific management. Under the old type of management there is suspicious watchfulness, and a guarding of their own interests is absolutely necessary. They look upon their employer as perhaps a pretty good fellow, but they say, "You have got to watch him; he is human and likely to grab for more than his share." But under scientific management this suspicious watchfulness entirely ceases, and workmen come to look upon their employers as genuinely the best friends they have in the world. That, of course, sounds like a broad statement and very difficult to substantiate, but let me give you some proofs.

In the 30 years in which scientific management has been introduced, there has never been a strike of men working under scientific management. There have been a few strikes of men who were coming under it, but there has never been a strike after the new system has been introduced, after men have come to work under the principles of scientific management. While they were

in process of coming in there have been a few strikes, but only a few, and never a case of a strike where men were working under scientific management; and you can not have a strike. Why is that true? Because the essence of the matter is friendship. Scientific management can not exist without friendship being its characteristic. There is no possibility of it. The moment you have enmity scientific management evaporates into the air and there is no such thing.

What is scientific management? I want to sweep the field clear first by pointing out what it is not. First, I will point out a lot of things which scientific management is not, because I find there is a very great misunderstanding as to what it is.

Scientific management is not any efficiency device, nor is it any group of efficiency devices. It is no part of the mechanism, nor any part of the schemes which are ordinarily looked upon as scientific management.

Scientific management is not any new pay system, it is not any new scheme for paying men. It is not a piecework system.

Scientific management is not time study. It is not functional or divided foremanship. It is not any new cost system. It is not the printing and unloading of a ton or two of blanks of printed matter, and saying "There is your system; go ahead and use it." It is none of those things.

I am not sneering at a new pay system, or at a bonus system or a piecework system. They are useful. Some of them have been developed under scientific management, as some of the elements of scientific management. But they do not consist of scientific management. Your whole system is new. Scientific management can not exist, and does not exist, until there has been a complete and entire mental revolution on the part of the workmen as to their duties toward themselves and toward their employers, and an equally great mental revolution on the part of employers toward their duties to their workmen. Until this great mental change takes place I say there can be no such thing as scientific management. That is an absolute necessity. You may have all the mechanism, all the forms of it, you may have your bonus system and your time study, but you have not got scientific management until that change has taken place.

Now, I want to point out just one illustration of this. I do not want to leave that there, because this general talk is so cheap—any one can do it. I do not want to leave you without some illustration of what I mean by this mental change that takes place on both sides. Again taking the illustration of this pen, if you are manufacturing this pen, there is a certain amount of material that goes to make up the cost of that pen, and then added to the material you have to add a certain percentage of overhead expense, what is called overhead or general expense, the proper share of taxes, insurance, depreciation; and salaries of the officers of the business, the superintendence, and what is ordinarily called unproductive labor. All those items of the indirect expenses have to be prorated onto that pen.

If you will add those items together, the cost of materials plus the cost of general expenses, that makes a sum of money. Subtract that from the selling price of this pen and you have what is called the surplus; and as you all know, it is over the division—mark my words—it is over the division of this surplus that all the labor disputes have arisen in the past. The eyes of employer and employee alike have been on the division of that surplus. The workman naturally wants all he can get of it in the shape of additional wages or in the shape of shorter hours, or in the shape of better working conditions. He wants all he can get out of the surplus. It must come out of that. It can not come out of anything else. The manufacturer wants what he looks on as a fair share of the profits, and sometimes a darned sight more than his fair share. He wants all he can get out of the surplus. Both sides have had their eyes on the division of the surplus as the most important element. But the moment scientific management is introduced, the great change which comes under it is this, that both sides realize that if they will stop pulling apart, if they will stop thinking about the division of the surplus and stop fighting and pulling in opposite directions, and both push hard, shoulder to shoulder, as friends, cooperating morning, noon, and night in the most friendly, brotherly manner, it is possible to make this surplus so large that there is no occasion for quarreling over its division, absolutely no room for quarreling over the division. By this cooperation, by this change from the attitude of antagonism to the attitude of friendliness, it is possible to make that surplus so much that there is no chance of difference. That is a total change in outlook from look-

ing at the division, to looking to the enlargement of the surplus as the great thing. That is one of the great mental changes that takes place on both sides. I want to emphasize that.

Now I will try to get on and tell you what scientific management is.

The CHAIRMAN. Go ahead.

Mr. TAYLOR. I am very slow in getting at these matters. Now I come to the essence of scientific management. I think I can make it clearer to you what the essence of scientific management is by first turning to what I believe you will all recognize to be the best of the older types of industry, the best of the older types of management. I want to leave out all the subordinate types. I want to make it so that I think every one of you will say, "Yes; that is the best of the older types of management."

If you have an establishment, say, with five hundred or a thousand men in it, you will have 10 or 15 different parts at least. Now, the men in those parts have learned all that they know through tradition.

It has been handed down to them from man to man. There has hardly been a book written on industry that is worth reading, to speak of. I served two apprenticeships in my day, and all of my reading was confined to Joshua Rose's book on machine-shop practice. I think I read it through in two hours and a half. That was the only one available to the machinists in that trade, almost. Now hundreds of them are put out, but still I do not find the machinists or the apprentices reading very much. I have a boy who thinks he is going to be a doctor. I insisted that he should leave college at the end of his freshman year and work as a machinist, because I think that no matter what a young man is going to be he has got to get down to hard work early in life if he is going to amount to anything, or if he wants to have the best chance to get down to anything. So I insisted that the boy should get up at 5 o'clock in the morning, cook his own breakfast, and work as a workman at a good hard task under scientific management. He had no chance to loaf; he was not over-driven; I never was afraid of that in the least, nor was he, but he realized that he was up against a good hard day's work all of that year. I made him a present of a lot of books when he went into the industry, thinking that I would let him learn something about the theory of machine-shop practice. I bought him the nicest books I could get for him. He never opened them. At least, I never found any evidence of that. I never bothered the poor boy. I thought that getting up at 5 o'clock in the morning and getting his work out was enough. I never bothered him. I do not believe he read any one of them, and as far as I know, none of them ever were read.

What I want to emphasize is that our trades are learned just as they were in the Middle Ages. That is true of workmen, and I have no doubt the same term is used now as was used when I was a boy—you pick up a trade. You do not learn it. We always used to say, "I am picking up a trade," and you do it; you literally pick up your trade. You look at this fellow and that fellow to see what they are doing. It lies with yourself; it does not lie with some one else to teach you a trade any more than it did 50 years ago. I am not belittling this knowledge that comes from a trade. It is the greatest asset that a workman has—a trade. But the manufacturer, the boss, the superintendent who knows anything about the business, who has lived with his workmen, who understands the problem, must realize that his first object ought to be to get the true initiative of his workmen, to get their hard work and good will. A boss who does not realize that amounts to nothing, and if he realizes that, then he will have to say to himself, "If I am going to get the real friendship of my men, if I am going to get them to stop soldiering and to increase their output, I have got to pay them more or do something more for them than my competitors are doing for their workmen"; and if a man is large minded, if he is a big man, he deliberately sets out to do something better for his workmen than other people are doing for theirs—paying better wages and giving them shorter hours.

A man who deliberately sets out to do something better for his workmen than other people are doing for theirs, will get the benefit of it, and the workmen will grow less and less suspicious. They are justly and properly suspicious of any new scheme, or any old trick that comes along, for they have been tricked and tricked. They are properly suspicious of any new trick that comes along, and they think that it is a new trick, possibly a speeding up game to cut down their wages, but if a man will keep at that policy, in every case the workmen will respond and give him his money's worth. Why? Because they are just the same as all the rest of mankind. They are generous if you will treat

them generously, and they are mean if you will treat them meanly. They will do just what other people will do all over the world. I want to make a comparison between scientific management and the old type of management, because in each the employer deliberately sets out to give his workmen better things than other people are giving to their workmen, and in each the workman will respond by giving more work, more ingenuity, and everything else. I think you will recognize that as the best of the older types of industry.

I am going to try to show you beyond peradventure that there is no possibility of even this fine type of management competing with the practice of scientific management; there is no possibility of it. The practices of scientific management are so much more powerful that there is no possibility of even the finest kind of management competing with it.

The first of the great reasons is that under scientific management the men give their initiative, their good will, their hard work with absolute regularity. That, however, is the lesser of the two gains that comes under scientific management. The great gain that comes under scientific management consists of the new and absolutely unheard of duties and burdens which are voluntarily assumed by the men on the management side, new things that the management never dreamed of, new duties and obligations in the performance of the work that the management has to take over.

It is these great duties voluntarily assumed by the men on the management side that makes the vast improvement, that makes scientific management always better, inevitably better than even the best of the older types of management. These new duties have been divided into four large groups, and these groups of duties have been readily arranged under the present scientific management, and it is to the efficacy and the power of these different principles that I wish to direct your attention, and in which I wish you to become interested. It will not take very long from now on. I want to interest you in the four principles and to show you their great power.

The first of the great duties that are undertaken in scientific management that never were undertaken before, is that those on the management side deliberately start to gather in this great mass of intuitive knowledge, of rule of thumb knowledge, that has been in the minds, in the heads of workmen, and to tabulate it, to record it and to reduce it to laws and rules, and in many cases to mathematically formulate them so that when these laws, these new rules that never existed in the past, are used by cooperation in the management of men, it will prove itself of inestimable value. Mark you, this is done by the management, and the workmen are able to turn out without any more exertion an enormous increase of output, and this is simply through the gathering in of this great mass of rule of thumb knowledge and systematizing it and reducing it to a science. In other words, it is the development of a science out of this old rule of thumb knowledge, and it is from that element that scientific management has its name—the development of a new set of laws, where no laws existed, in place of the old rule of thumb knowledge that was in the head and the body of the workmen. That is the first great duty voluntarily taken over by those on the management side.

The second is the scientific selection, and then the progressive development of every workman in the establishment. It becomes the duty of those on the management side to study every single man in that establishment to see what his possibilities are, to see his limitations, and after having studied that man, to deliberately set up and raise him to a higher level in the first place—to a higher level of capacity and to a higher level of training and education, and then to higher wages than he had before. It is the study of every man and the making of every man. In the past we all know that with all well-managed companies they studied their machines. But under scientific management it becomes far more important to study, not a few men, but all men. Every man has to become a matter of personal solicitude, with the determination that you are going to raise that man higher in the scale than he has ever been before; that you are going to give him higher wages than he ever had before; that you are going to treat him as a friend. That is the second great duty.

The third is, and I wish you to mark it, the bringing of the science and this trained man together, for they will not come together voluntarily. You may train your man and develop your science, but unless there is some power to bring those two together the workman will go ahead as before, because none of us want to change in our ways and do something new, unless there is something to bring us together.

That word "bring" has a disagreeable sound. The greatest incentive to bring these together is this, that you show the man that if he does the new way in the first place he will get from 33 to 100 per cent higher wages. That is a powerful influence to "bring." Every time he carries out the new set of laws, he increases his output and his wages from 33 to 100 per cent. There is no uncertainty as to whether he does or does not carry them out. He has automatically increased his wage from 33 to 100 per cent. That is a powerful "bring." But, in addition to that, there is something more. There is the spirit of friendliness and cooperation; the spirit of, if you do your share I will do my share, which is the greatest element of all scientific management and cooperation and that produces the bringing. The word "bring" has a powerful sound, but it is necessary to "bring." Mankind is so fixed that unless somebody does the bringing they will not come. We are all fixed that way. Go and look into any enterprise and you will find that there has got to be a limit, there has got to be a go, there has got to be something fixed or you will not rise to it; but I can soften the word "bring" by saying that nine-tenths of our trouble comes from the management side, and only one-tenth comes from the workmen. To make the new men do their work our trouble is mostly with the management and none of it, practically, is with the workmen. We never have any trouble with the workmen, but we have infinite trouble in teaching the management to do their new duties.

They start with the mental attitude, "Oh, yes; I would like this new thing; it is a new scheme for making men do more work"; but when it is pointed out that the greater part of this thing rests with them; that they have to do new things; that makes a difference. Oh no, they say, and our trouble comes in making them to do what they ought to do—that is, their share of cooperation.

The force of the principles of scientific management lies in an almost equal division of the work on both sides, between the workmen and the management. The work which was all done in the past by the workmen is divided into two great parts, and one of those parts is deliberately taken over by the management, so that there is actual cooperation in the bringing out of the work. For instance, in an elaborate machine shop doing miscellaneous work—I am not talking about repeat shops—in a shop where they do miscellaneous work, there will be one man on the management side and a number of machinists. That slice of work is deliberately taken out of the hands of the machinists and handed over to the management. When you have this great actual division of the work, when you have every act performed by every workman in the shop preceded by an act of some one on the part of the management, when no man can do his work right unless some man on the part of the management has performed his first, where there is an interchange of work all day long, you can not have war. You are cooperating for the same thing, so that with the object of having the workman earn more wages and the management larger profits, the only hope of that is to outstrip your competitors, and in order to do that both parties have to work interchangeably with an absolute cooperation, with an absolute interchange of work. You can not fight with the man who is working right alongside of you, who is working for the same object. When you and he are working for the same object, you work together for that end or you quit. You can not go on working side by side for the same thing and be enemies. You must be friends. So, Mr. Chairman and gentlemen of the commission, that is the great reason of all why under this equal division, perhaps more than any other feature, there has never been a strike under scientific management. What is there to strike against, when you are all cooperating for the same end? There are no two objects.

I want to repeat these four great principles of scientific management, briefly: First, the development of science to replace the old rule of thumb knowledge; second, the scientific study of every workman and the progressive development of that workman in training and educating him, and bringing him to a better class of work, at a better rate of wage; third, the bringing of the science and the trained workman together; and, fourth, this almost equal division of the whole work of the establishment between both sides. That is, the actual work is divided into two tasks, and one of them is taken by the workman and the other by the management.

I am going to try to convince you of the power of these four principles, with several illustrations, and I hope during these illustrations you will see only these principles, and not that you will see something else that is interesting. I hope that you will see that the improvement brought about has been due to these principles, and not due to something else. I want to show you the

power of these principles. That is the reason I am going to give you the illustrations. Ordinarily, illustrations of this kind begin with pig-iron handling, and most people think that is the beginning and end of scientific management, whereas, pig-iron handling has become almost a lost art. The moment I came to the Bethlehem Steel Works and saw men handling pig in the old-fashioned way, we started to get up machinery, and before I left there it was all handled by machinery. I have taken the illustration of handling pig iron simply because it is the most rudimentary form of labor known to mankind. Think of anything else that is as rudimentary. In the first place a pig uniformly runs about 92 pounds, and varies only a few pounds one way or the other. In the second place, the man who handles that pig handles it without any implements but his hands. Is there anything more rudimentary in labor than picking up a piece of uniform weight with your hands, carrying it off a few feet and dropping it? But I am not going to give that illustration, because it takes almost half an hour. If I had the time I could show you beyond peradventure that the science of handling pig iron is so great that the man who is fit to handle pig iron can not possibly understand the science. That is true of almost all industry. The higher up in any industry, the more true it is that the man who is fit to do the science can not possibly understand it.

I am going to show you a little later that the man who is fit to do machine-shop work can not possibly understand the science of it, it is so great. That is true of pig-iron handling, and that is the reason I take that illustration, to show the effect and power of the science. I can not take the pig iron handling illustration this morning, but I will take the next thing which is close to it, and that is shoveling. I dare say that you people will think that there is not much science in shoveling, but I want to show you that there is, and how powerful that is, and its effect on the workman. If any of you gentlemen or ladies had the development of the science of shoveling to work out, you would probably sit down right now and use your imagination. You would not have to go outside and watch men shoveling. Within two days you would have mapped out enough work for yourself to last three or four months, and that in developing the science of shoveling. There is so much to it. When I first came to the Bethlehem Steel Works I went to the old office there, and looked out of the window. Nearby there was a lot of cars loaded with rice coal, and there were four or five men shoveling that rice coal. After these men had unloaded the rice coal they walked to another part of the yard where there was a pile of ore from Mesaba, and with the same shovel they shoveled that ore. In shoveling the rice coal they took a load of three and three-quarters pounds on their shovel. When they were shoveling the ore they took a load of 38 pounds. It does not take very much science, or very much of anything, except the plainest horse sense, to see that if three and three-quarters pounds is the right load for that shovel, 38 pounds is the wrong load. That is common sense.

There is no science about that. Science comes in when you deliberately set out to know what is the right shovel load. I want to show you gentlemen this new change in the mental attitude. The old way of finding out the proper shovel load is to sit down and write to half a dozen contractors and say, "What is the proper load for my men to take on a shovel?" You get an opinion from those men, and you write it down, and then you say that is the law. That is the usual way. However, there is another way that is even more common yet. You say to yourself, "Why, I have a good foreman, Pat, who has been shoveling for me here for a long time. He is the best of shovelers for the last 10 years and I will call him in and ask him about the proposition." So you call in Pat and you say, "Pat, what load ought your men to have on a shovel?" I will tell you that my Irish friends are resourceful, and they are never at a loss for an answer. Pat will tell you right off, about 12½ pounds. He is not going to be stumped with a question like that whether he knows about it or not. Then that becomes the law, and that is the way the law is gotten under the old management—12½ pounds. That is quite the uniform way of getting at it. I want now to show you the new. You never write to anyone, you say that is up to us and that we have to know what the proper load is. What we did long before we struck the Bethlehem Steel Works is this: We sent for two good shovelers, big, powerful fellows; well suited for their work. Mark my words, we never take a human instrument that is badly suited for its work any more than we would take a bad machine. We take a proper human animal, just as we would take a proper horse to study. If you wanted to study the hauling of coal, you would not take a pony and study him, but

you would take a dray horse, and in the same way you would take a man who is suited to shoveling. Now, we say to Mike and Jim, "I want you to do a whole lot of fool things. This is no joke. We are going to pay you double wages while this is going on, and all we ask of you is to do what that young fellow is going to ask you to do, what is perfectly right. He is going to say, I want you fellows to work so that when you go home at night you will go home properly tired, not tired out, but properly tired, for you men know how a man ought to be at the end of a proper day's work—not exhausted, but so that you could go right straight through this thing for years."

Let me say, Mr. Chairman, that under no condition or circumstance is it the policy of anyone connected with scientific management to overwork or hurry anyone. The word "hurry" is unknown in scientific management. You never can do decent work when anyone is hurrying. On the other hand you insist that you shall have the right implements, that the right men shall be chosen for their work, that ultimately in the selection of men you will get the right man doing the right work, and you will insist that the man who is shoveling shall go home properly and reasonably tired, but not exhausted. We told these men what they were to do, and we said, "This is no joke, and if this young fellow catches you soldiering, you go out and never come in again. You need not do it unless you want to do it. We are simply asking you to do a proper day's work, but if you soldier or try to shirk, if you take it for a joke, this young fellow will be onto you, and you will go out and never come back again. Those men undertook to do that, and they were absolutely square, and I have always found my workmen friends as straight and fair as other men. What we did then was to start them up against a big shovel load first. We started with a large shovel load, and we took the number of shovels they used during the day. Many hundred other records were taken. These two fellows were put in different parts of the work, with different watchers. At the end of the day, after weighing the shovel loads, we found that they took 38-pound shovel loads. We then found that they did a certain amount of tonnage during the day. We then cut the shovel off so that they would handle a load of 34 pounds, and immediately the tonnage work for the day went up. We again cut the shovel load off to 30 pounds and again the tonnage went up. Then it was cut off to 26 pounds and it again went up, and at 21 pounds, or at 21½ pounds, they did their biggest day's work. When we cut it off below that, the tonnage for the day went down. There is the scientific fact that a shoveler properly suited to his work will do his biggest day's work with a shovel load of 21 pounds. Let us see how far-reaching that fact was. That is one of the many elements of shoveling. There are many parts of it, and that is one of them.

Let us see how far-reaching that was. The workers in the yard of the Bethlehem Steel Works all owned their own shovels. We had to take those shovels away from them, and build a big shovel tool room, and buy 8 or 10 or 12 different kinds of shoveling implements, and equip this large tool room with an immense range of shoveling implements, so that for each kind of work the men would have the proper kind of shoveling implements. If he were to shovel rice coal, he would have an immense scoop which would take about 21 pounds. When he was to shovel Mesaba ore he would have a different kind of shovel. They went further than that. There were from 400 to 600 shovelers in that yard. In order to do our duty toward them, they had to study every man, every shoveler. Prior to that time they were handled in big gangs, by one or two foremen. We had to begin to study every single workman in the 400 to 600. We had to give them in advance specific directions about their work. We had to work out a plan for them. We built a labor office. It meant the laying out of this yard, two and one-half miles long and half a mile wide, in a big diagram, and arranging a specific job or place for each man, sending this shoveler to this place, and the other shoveler to the other place. It involved supplying each man with a new kind of shovel, with one kind to shovel ore, another kind for sand, still another for coke or coal or whatever it was each man was to shovel. It required one kind of a shovel for soft coal, another kind of a shovel for hard coal—an entirely new shoveling implement. It meant that in order to do justice to each of these men we had to inform them the next morning, when they came on to work, whether they had properly made good the day before or not, because we insisted that no one should work with us who could not earn 60 per cent higher wages than were paid in that part of the country.

The first thing I did when I came there was to learn that the ruling wage was \$1 a day, or, I believe, \$1.06, an inconceivably low wage. I horrified the Bethlehem Steel Co. by saying "We are going to pay \$1.15 right off to our labor." They thought that was wild. I said "Not at all. We are going to pay \$1.15. We are not going to pay the lowest wage, but we are going to pay the highest price in this part of the country." I said that every man on this work must earn 60 per cent more than \$1.15 before we were through with them. I said we would have the men trained so they could earn 60 per cent higher wages than they were then earning. It is not just to a man to keep him working three days and then tell him "You have not made good." Every morning, when these fellows come in, they reach their hand into a little pocket—most of them could not read and write, but they could find their way to their pocket—and pick out two pieces of paper. One of those directed them to the tool room, told them what implement to get, and the part of the yard in which they were to work, or start their first day's work. The second slip of paper was either a yellow slip or a white slip. If it was a yellow slip, they knew they had fallen down yesterday, that they had not earned 60 per cent higher wages than the average. They knew they had not earned 60 per cent higher wages, and that something was wrong. They had a chance to look back over yesterday's work and see what was wrong, to say "What did I do that was wrong?" If they could read and write, they would see where they had fallen down. Most of them could read and write. Those who could not read and write were supplied with that information.

When a man got three or four yellow slips, this would happen: I want to point out this in the mental attitude of the men under their new duties under scientific management. When a man had three or four yellow slips under this method, under this new system, instead of feeling anxious and stirred up and unhappy, and saying "Oh, hell, something is going to happen," as they used to under the old system, they said, "I have gone wrong somewhere." Under the old system every man knew what would happen if he had three or four yellow slips. The foreman—and I am not complaining of the foreman, because it is what I would have done if I had been that foreman—would have said "Here, Pat, you have four or five yellow slips; you are no good; get out of here. You are not a high-priced man; get out of here." That is the old way.

The new way I want to point out. When it was learned that so-and-so had three or four yellow slips, one of the teachers was then told "So-and-so has fallen down for four days; go down and see what is the matter." If possible, the man who originally taught him was sent to him; the man who originally taught him to shovel was sent down. Along would come his teacher—not the old fellow with glasses on, or with a college degree, but a star performer with a shovel. Not only that, but a man who had sense enough not only to shovel right myself, but to show other people how to shovel right. That man would go down to him and say "Mike, you have three or four yellow slips. What is the matter? Have you been drunk? Are you sick? If you are sick, or anything is the matter with you, we will give you a chance somewhere else while you are getting better." "No; I am all right." "If you are not sick and have not been drunk, and if there is nothing wrong with you, you have forgotten how to shovel. I taught you how to shovel. Come on, I want to show you how to shovel." He would simply stand there and watch him.

There are many, many ways in which to get along with a shovel; many, many ways in which a man can get along shovelling. You may smile at such a thing as that, but shovelling is quite an art. There is a good deal of knack in knowing how to shovel right, in the throwing of your shovel to keep your load together, as you have seen if you have watched a real good shoveler. You will see that he will load his shovel in one way and throw it in one way, whereas he would have to be another kind of a shoveler if he were shovelling fuel into a boiler. If you are shovelling coal into a boiler—and I presume some of you gentlemen have done it; I have done it—you have to handle your shovel in a certain way. But in shovelling any other substance, it is a totally different thing. In shovelling coal into a boiler you must have a little shovel and know how to spread over the grate. With hard-coal firing it is absolutely necessary to do that. The art of shovelling is a great one, and there are many parts to it. I am only throwing out one or two of them.

Every one knows, that knows anything about shovelling, that if you are going to shovel right you must shovel, if possible, from an iron bottom, and if not

from an iron bottom, then from a wooden bottom, and if you do not have a wooden bottom, then a hard dirt bottom. There is less trouble than when you have to go right into the top of the pile. When you go into the top of the pile a great part of the exertion is put forth and a great part of the energy is lost in getting your shovel into the pile. That is the difficulty—getting it in. When you study the art of shoveling it is a different matter. Every workman is taught to take a shovel into his right hand and push into the pile—to first get the right shaped shovel, and that comes from the tool room. He must have a sharp-end shovel. Hold your right arm down on your hip, and when you shove into it, push forward with your body like that [indicating], and throw the weight of your body on it. There is no arm exertion in that. That is the whole question, simply throwing the weight of your body forward. Time and again we would find these workmen who had been told how to do this, and then found their yellow slips, had forgotten that and had gone back to shoveling with their arms. That is impossible; the exertion is much greater. It takes two or three times as much exertion to shovel in that way. That one little correction would sometimes bring a man back.

It is things of that sort that affect their mental attitude. If that man fell down, it was probably from the fact that he was not taught right. We have not been with him long enough in the first place. But that man would stay right alongside of him, perhaps a day, watching him all day long, and whenever he slipped up in any of the elements of shoveling—and there are a good many of them—when he showed he had forgotten how to have that little jerk at the end when he wanted to keep the load together, he would show him how it was done, how to do it, until he learned just how to do it.

I am not talking to you people about shoveling because you are particularly interested in shoveling, but I want you to see what I mean by this development of the art of shoveling first, and then our duty toward the men. It is our duty to train and develop and raise every man up to a higher level. It is our business to be honest to that man and to teach him, not to "nigger drive" him, not to go for him and call him names and "holler" at him. That is no part of scientific management whatever.

The question must come into your minds, Does all this thing pay? Does it pay to teach your workmen all this? Can you make your dollars and cents meet with all this? If we have to build a new labor office, if we have to build a new shovel tool room, if we have to put in a telephone system, if we have to put in a messenger system, if we have to have clerks work all night, does it pay? Yes; I say it does. We are individualizing every man. It is our duty to measure each single man's work and help each man if we can. This corps of study men and clerks and teachers means money. If it does not pay, there is nothing in scientific management. Mark my words. It is not entirely a philanthropic scheme. It must pay both sides; it must pay the workingman and it must pay the employers and pay them well, or there is nothing in scientific management; at the end of three and one-half years we were able to know whether it paid. In the last six months practically every man in that yard was on task work, whereas when we came there there was no man worked that way. They fortunately had records there of what it costs. They handled several million tons a year in that yard. It costs between 7 and 8 cents a ton, and that is low. In railroad work the average price is between 9 and 10 cents. A figure between 7 and 8 cents is a low figure. When you add all this overhead cost and all this teaching and the salaries of all these officers, when you pay your men 60 per cent higher wages—and every one of them was paid 60 per cent higher wages than they could get around that country anywhere—the cost of handling a ton was reduced from between 7 and 8 cents to between 3 and 4 cents, and the actual saving to that works in dollars and cents during the last six months was an average of between \$75,000 and \$80,000 per year. There is your justification, the workmen earning 60 per cent higher wages on the one hand. We had every man examined very carefully. There were 140 working then. When we started there were between 400 and 600. A great many people say, "Yes; they were driven out of the works to jump in the river and drown themselves." If you will ask me later I will tell you what became of them, what became of that difference between the 400 to 600 and the 140. This is generally the thing prominent in people's minds, so I am anticipating just a little. If you are interested enough, I will tell you later what became of those men.

When those fellows were happy, contented, receiving higher wages than they have ever supposed, not a man overworked, only 2 of them said to be

drinking men out of the 140—I mean to say, heavy drinkers—that justifies both sides—increased profits on the one side and increased pay on the other side. That justifies the corporation and the men.

I want to give just one more illustration. I want to jump into a higher field, and that is machine-shop work, and I want to say to you again what I started to say, that the science of doing work is always so great that it is impossible for the workman who is fit to work under it to understand that science. I will try to make good in that statement. It is impossible for the workman to understand, the science is so great.

My friend, Mr. Barth, went to a large company who wanted to change over from the old system—the old-fashioned way of work to the new. They had piecework in that plant, and wanted to change to the new way. This company employs between 3,000 and 4,000 men; I think more than that now. The department in which Mr. Barth was going to do his work was manufacturing a little machine about that square and that big [indicating]. That is repeated work, repeated over and over again. It is a patented machine. There were 300 or 400 men in the department that had been making that same machine for some 12 years. Naturally they had become very skilled in their work.

Mr. Barth, I think, horrified the owner of the business by telling him in advance that he would be able to get twice as much work out of that department as they had been doing. Naturally, the gentleman became rather perturbed about that, and, after some little sparring, Mr. Barth suggested that a test should be made of the machine to see whether this could be done. A very fair machine was selected by the gentleman, and then a record was kept of how long it took to do work on that machine. It was written down by all of the parties. It was agreed to. Then, Mr. Barth put in, not the same articles, but articles which were typical, and showed the workmen how to do that work, and made his test. I want to show you what he did first.

These employers made this test for the purpose of investigating the machine. It is our business, when we go into a shop, to study not only the men, but also to study the machine, and study them in a manner in which they have never been studied before. We are not doing our duty to the workmen unless we get them the very finest implements—unless we study these machines and know all about them. The only way you can study a machine in the machine shop is by means of these slide rules. This rule [indicating] will solve any belting problem, however intricate, and will solve it in a few seconds. Some of the machines are run by belt and motor in a machine shop. This will solve any belt problem in a few seconds. The other one [indicating] will solve a gear trouble in a few seconds, and they are quite difficult, some of them, more or less difficult of solution. But this slide will solve any gear trouble in less than no time. This one [indicating] will tell you the exact pressure which a given shift will have on the tool you are cutting with. It will give the depth of the cut and the feed—whatever the nature of the metal you are working with. This will tell him how many thousands of pressure will act on that tool. The fourth one will tell you the proper cutting speed at which to run that tool so as to have your tool edge wear out at the end of half an hour, an hour, or whatever time you desire. By the use of this method it was possible for Mr. Barth to write a prescription for the respeeding of those machines.

Gentlemen, I want to state a fact which is realized by very few people—machines are not only badly speeded, but they are outrageously speeded. They are speeded so badly it is inconceivable. They are 200 to 300 per cent above what they should be. You may think that is a very broad assertion and a very great piece of exaggeration.

I was asked to speak before the Tool Builders' Association, the people who make these machines, in their convention at Atlantic City. They were all there—the owners of our large machine shops and their engineers. I said to them what I am saying to you. I said: Now, gentlemen, in your own shops, your own machines are speeded 200, 300, or 400 per cent wrong, and you know it if you know anything. They were speeded years ago by some one's guess. They have never been speeded by science. Some of your modern machines are right; but the great bulk of them are all speeded wrong." I threw down that challenge to them. Not one of them took up the challenge. I said: "If any of you would like to take up this challenge, I will show you that your machines are speeded wrong." I do not want you to understand that I am exaggerating, because that is a fact. Mr. Barth found that the machine which he examined was speeded all wrong, and he wrote a prescription for it—just

from an iron bottom, then from a wooden bottom, and if you do not have a wooden bottom, then a hard dirt bottom. There is less trouble than when you have to go right into the top of the pile. When you go into the top of the pile a great part of the exertion is put forth and a great part of the energy is lost in getting your shovel into the pile. That is the difficulty—getting it in. When you study the art of shoveling it is a different matter. Every workman is taught to take a shovel into his right hand and push into the pile—to first get the right shaped shovel, and that comes from the tool room. He must have a sharp-end shovel. Hold your right arm down on your hip, and when you shove into it, push forward with your body like that [indicating], and throw the weight of your body on it. There is no arm exertion in that. That is the whole question, simply throwing the weight of your body forward. Time and again we would find these workmen who had been told how to do this, and then found their yellow slips, had forgotten that and had gone back to shoveling with their arms. That is impossible; the exertion is much greater. It takes two or three times as much exertion to shovel in that way. That one little correction would sometimes bring a man back.

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pany, and said: "I want to spend some money—a good deal of money—in trying to educate the foremen of our shop and the superintendents of our steel works in what a man ought to do for a day's work—what is fair, just, and right for a man to do." He said that thing had been tried a good many times, but there was nothing in it; that I could not work it out. Finally he gave in and allowed us to spend money, chiefly because we had been successful in his fight. He appreciated that it had been a stiff fight, and out of personal regard he allowed us to start.

The first thing we wanted to do was to settle the question which every mechanic and machinist had supposed was the essence of the whole matter, and that was, what was the proper angle for tools, what was the proper clearance angle, what was the proper side slope, and what was the proper back slope. Our machinists all thought if we could get the right cutting angles, those three angles, they could do a great deal faster work than they ever did before. So we started to find out, and it was an extraordinary thing that we were the only shop in Philadelphia that could have found that out. We happened to have a great big pile of uniform metal to work on. We had 2,000 tons of locomotive tires—plenty of them in the scrap heap. That was metal of a uniform type. So we had plenty of splendid metal to work on, and we had the only machine in Philadelphia on which we could make those experiments. So we started men to work right along and varied the cutting angles, and kept a record of what we did. For six months those experiments went on, and at the end of that time we had arrived at the extraordinary fact that it did not make much, if any, difference what those cutting angles were as far as speed went. We got only negative results. I told Mr. Sellers that and he laughed at me, and said, "That shows the whole thing. There is a lot of money blown into the fire." I said, "That is all right, Mr. Sellers, but let me show you that we have uncovered a gold mine of information. We have got to the top of a gold mine, and I want to show you what it is." When I was able to show Mr. Sellers the information we had already got, and that we were on the track of getting, which would enable our men to do faster and better work, he said, "Go right ahead and spend the money. I don't care." They started then to spend money on these experiments, which went on throughout practically the whole time I was at the Midvale Steel Works. Men were all cutting up chips to try to find the art of cutting metals. Then, when I left there our methods of financing these experiments were at an end. We could not go on there. Then, the only way we could carry on the experiments was to swap the information we had with anyone who was able to furnish the materials and the men to conduct these investigations. By the means which I have stated, we have developed the art of cutting metal. For nearly 26 years, almost without cessation, men were engaged in developing the science or art of cutting metals. That seems preposterous and ridiculous, to think of that length of time, but when you see the magnitude of the problem, even those of you who are not experimenters will realize the difficulty and almost the impossibility of successfully conducting an experiment in which there are 12 variable elements. In the art of cutting metals there are 12 variable elements, 11 of which have to be kept constant while the twelfth is varied; and the difficulty in holding them constant is next to impossible.

What do I mean by that? You must get uniform metal. You must have about 20,000 pounds of metal in order to make a single experiment. That metal must be absolutely uniform in quality throughout its 20,000 pounds. To get a mass of metal weighing 20,000 pounds that is uniform is next to impossible. The way we solved it was by using the same method that is used in gun forgings, by using the finest steel that could be had, hydraulic forging, or forging under a heavy hammer, oil tempering it, annealing it, getting out test bars until we had refined the grain until it had been so refined that it was uniform all the way through. Then we were able to eliminate one of the great difficulties, and one of the variables became practically constant. We had 20,000 pounds of uniform metal. It would very often take six months to make the forgings in advance, ready to continue these experiments. I point that out merely to show how it was that anyone could take 26 years in carrying on a series of experiments. During those 26 years, to show you the magnitude of the work, we spent about \$200,000 in wages and material. About 800,000 pounds of metal were cut up into small chips while we were studying the conditions and laws. The number of recorded experiments alone, those that were written down, amounted to some 50,000, and the unrecorded experiments amounted to many more.

You may think I am showing this to show that Mr. Barth and Mr. Gantt and a lot of our friends are remarkable men. Nothing of the kind. I am saying this to give you gentlemen a bird's-eye view of what is going to take place in every industry and in every element of every industry, something similar to this that is going to take place as sure as fate. The information that in the past has been in the heads of workmen is coming out of the heads of workmen, to be reduced to law, to be reduced to science, and then, through the cooperation of both sides, is going to enable the workmen and the company when they join hands to turn out an enormously increased output. And from that increased output is coming vast good both to the workmen and to the whole world. That is what I am pointing out.

Let me call your attention to one other element. During 18 years, or a part of 18 years, we had mathematicians employed in solving the mathematical problems that came up. Every one of these laws had to be reduced to a mathematical formula. Then we found ourselves with 12 mathematical formulae to use in solving an ordinary machinery-shop problem. I dare say some of you gentlemen do not know what a machine-shop problem is. It is a thing which every workman has to settle when he puts a piece of work into a lathe, to know what speed to use, and what feed to use. The workman has to settle those things every time he puts something into his lathe. He has to settle every time, "What feed shall I use and what speed shall I use." And in answering those two questions you need this great mass of mathematical laws, 12 great mathematical formulae.

Think of it. After we develop these 12 formulae, a man with the facility of the average mathematician could solve the problem by hand, writing it all out, in from 4 to 6 hours. Think of the absurdity of taking 4 to 6 hours to solve a mathematical problem to tell a workman how to run a cut that does not last over 15 minutes. The average cut does not last over that length of time. To tell a mathematician to spend 4 to 6 hours to tell a workman how to run a cut that takes 15 minutes seems preposterous and a farce. For a long time it looked that way. Now, there are hundreds of these mathematical sciences being developed, and anyone who has had any experience in developing anything of this sort will realize that what at first seems an absolute blank wall of impossibility becomes entirely possible and easy before you are through. That 18 years of mathematical work is an illustration of the amount of labor which was involved in this problem, until finally it has resulted in this work which Mr. Barth has done. I think we will all agree that Mr. Barth is far and away the best mathematician who was ever on this work. I do not want to detract at all from Mr. Gantt, who is much better than I was or could be; but I think Mr. Gantt will also give the palm to Mr. Barth. However, the problem was very nearly solved—you may say the great bulk of the problem was well on toward solution—when Mr. Barth took it. Seven different mathematicians have worked on this problem one after another, Mr. Gantt and Mr. Barth having done the finest work of the seven, beyond any doubt.

Through their work this slide rule was made, which in the hands of the ordinary workman, who knows nothing about mathematics, enables him to solve that problem with 12 unknown quantities in it in about 20 seconds. This is the first case in mathematics in which it has ever been possible to solve a problem with 12 unknown quantities and do it with any degree of rapidity. In proof of that I will say that as this thing went on I went time and again and applied to mathematicians in different parts of this country for a solution. Whenever I heard of a mathematician in a university I said, "I will pay you any price if you will give us a quicker solution for this problem." Most of them sneered at me and said: "My dear boy, you can solve a problem if you have an equation with three unknown quantities. You can solve it if you have four unknown quantities, rarely five, and never six; and this is an indeterminate problem, and you can not solve it by any known means except trial and error." That was the answer we got from all the great mathematicians. What I want to emphasize is that here are very ordinary men, Mr. Barth excepted. The rest of us are very ordinary mathematicians, and yet by simple digging and hard work and keeping at it, giving time to it and putting money into it, we were able to solve what the world recognizes as a very difficult mathematical problem. What I want to emphasize is that no one should ever be discouraged in the development and application of science on account of the difficulties which he meets at the start. You should never admit the impossibility of doing a thing simply because it looks to be impossible.

Now, gentlemen, a slide rule of this type is made for every machine in the machine shop, and it represents a new code of laws, just as important as the laws of the United States. It is the first time that laws have come into industry to supersede opinions. This slide rule represents the laws of cutting metals. No one's opinion amounts to anything when it is backed up against this code of laws. This code of laws is just as much above every man on the management side as it is above every workman. No man on the management side can any more go against that code of laws than any workman can go against it and violate it. It is the essence of scientific management.

There is another code of laws. There is a machine-shop time study, the most of which was done by my friend, Mr. Merrick, whom I see here. Mr. Merrick is responsible, more than any other man on earth for 10 or 12 years of development of the code of laws governing the actions of workmen in a machine shop. This code of laws is completely over and completely controls the actions of every man on the management side just as much as it is over the actions and controls the actions of every man on the workmen's side. And I want to call your attention to this fact, that for the first time in the machine-shop industry some one's opinions count for nothing. The opinions of workmen count for nothing; the opinions of foremen count for nothing. These laws control both sides. You may say, and it has often been said to me, "Yes; but all of these laws have been developed by the management. The workmen have had no part in it." It is an extraordinary fact that knows of no set of laws except these in which the workmen have had one-half of the share. The workmen have done all the work in developing that, in running the machines, and curiously enough they have had one-half of the work of developing it, and the other man is a man trained from a workman, a trained observer to study the laws, to write them down, to record them, and to make them useful. It is a curious thing, but I know of no science that has ever been developed in which the workmen have had so large a part as in this science.

Let me now call your attention to this fact, which is the most important fact connected with it, that the interests of both sides in these laws are absolutely identical. There can not be the slightest opposition of interest in this thing. Under the principles of scientific management our only hope of continually paying from 33 to 100 per cent higher wages than the other people are paying is that we shall get a reasonable maximum output from every man in the place. That reasonable maximum of output must be something which shall never hurt anyone, even after 50 years of employment; which shall never overwork anyone; never hurry anyone. Unless we get that reasonable maximum it is impossible to pay from 33 to 100 per cent higher wages than your competitors pay. So the object of both sides is exactly the same. There is no conflict of object in it. It is just as important for the management to get these laws right as it is for the men. There is no such thing as tyrannizing; no such thing as asking too much, because these laws have to be tried out daily with the workmen of the establishment. They prove themselves false or they prove themselves right every day. Many of these laws were worked out and developed in the Link Belt Co., of Philadelphia. This particular code of laws is tried out every day by the workmen of the Link Belt Co. They work under these laws and that slide rule every day, all day long; and the proof that they are right is this: That 98 per cent of the men make good in their tasks every day. If these laws were wrong, 98 per cent of the men could not make good under them. They must be just as far as the workmen is concerned. They can not be wrong to the workmen, because 98 per cent of the men make good under these laws, and it is our duty to investigate and find out why the other 2 per cent fail to make good.

Now, one of three things could happen, and it has happened every time. Either we find that something is wrong about this code of laws—that is one alternative—or second, some man on the managing side has had the code of laws wrong; has made an error.

Third, it may be that we have not properly trained the workman, that he is not up to his work, or has slipped up for some reason. We find that the mistakes are about even between the management and the men. The management makes mistakes and the men make mistakes, and I want to emphasize this, that when a mistake is made, all that it is necessary to do is for any workman to say, "This is a mistake. This code of laws is wrong. I have failed to do my proper task." It is not a question of nigger driving, and saying, "I know these things. You have got to do these things." Why, no. You say,

"Something is wrong. An investigation has got to be made, there is no doubt about it. Let it be made." There is no doubt about what the orders are. There is no doubt about whether these laws have been or have not been justly applied. Every workman gets a time-table like that [indicating] every day, and every time he does a thing, he has this table to tell him how many minutes he has got to do this, that, and the other thing in, under the code of laws, so that whenever a thing goes wrong, the workman says, "Here, you ask me to do this piece of work in 12 minutes. I can not do it in 12 minutes."

Then an investigation has to be made. Either our slide rule is wrong, or the workman is wrong. An investigation is made of which the workman is a part. He is part of that investigation. It is not made outside. That workman is every time satisfied either that it is wrong or that it is right, and if it is wrong, that code of laws is altered. Of course it was wrong. Of course at the start any number of these observations were wrong, and they soon thrashed those out in actual practice, because they have a meeting of both sides, because both sides want to have them right. It is not for the interest of one side to have them right and the other side to have them wrong. Their interests are absolutely identical in that matter. There is no effort ever made to hurry a man, no effort ever made to nigger-drive anyone; it is by common consent; that is what we are after. A proper day's work, a perfectly reasonable day's work is what we want, and these laws are entirely open and aboveboard. No foreman can do what he ought not to do with those laws without it being found out. He has got to find out.

The record shows that the code of laws is right in most cases, but the men are just as anxious to have it spread and increased, and to have the correct result reached, as the management is. I remember when the Link Belt Co. reported 45 per cent of their men who were able to be given a task, they said, "We will never get beyond that. That is our limit." That is a tremendously miscellaneous company. They said, "We will never get beyond 45 per cent." I said, "Oh, wait a few years." When they got up to 75 per cent they said the same thing. We are now at 80 per cent of the men on the high bonus under those time-tables. Why is it?

Let me tell you, gentlemen, that the difficulty is on the management's side. It is not with the workmen. We never have any trouble with the workmen.

The great difficulty is in training the men on the management side, getting our men trained so we can use these laws, getting them to understand how to develop these laws. That takes time and patience on the part of the men; that takes time and patience on the part of the management. It takes time and patience all the way round. It takes a firm belief in the fact that justice is being done or aimed to be done to people. While these men are being trained, of course things go wrong. These men are all fallible. But all the men came up from workmen. There is hardly a man on the management side that was not at one time a workingman. They are human, and they are apt to make mistakes. When it becomes for the interest of all to have these laws right and have them applied right, you will have a new condition in industry.

Gentlemen, I want to emphasize of all things the immense new power that has come into industry through a code of laws that never existed before. That code of laws is above both management and men, just as much above the one as the other, just as much as the law of the United States is above both the officers of the Government and the people; just as much the one as the other. Under scientific management they are all subjects of the law instead of subjects of the union. For instance, let us have an illustration of what I mean by that:

There used to be a rule in industry, very largely, that men started to work at sunrise. Under the old régime, before there was any almanac, it might be a matter of opinion, we will say. Suppose we are going to start a company to-morrow morning. It might be a matter of opinion on the part of the foreman and the owner of the business, on the one hand, and of the workmen on the other hand, as to when the sun would rise. The foreman and the owner might say, "The sun rises at 5.30." But the workmen, on the other hand, would exclaim, "Oh, no; no such thing; the sun does not rise until 6.30." Under the old régime that would be a subject for collective bargaining. They could get together and bargain and thrash the thing out and say, "We will agree the sun does rise at 6 o'clock, and we will start to-morrow morning at 6 o'clock." The moment you have an almanac there is no collective bargaining. It is a fact when the sun will rise.

But those subjects which are subjects for collective bargaining—and I advocate it, and I strongly advocate it—I believe in unions; they are doing fine

work—but where these things which formerly were the main subjects of collective bargaining have ceased to be subjects for collective bargaining we have the facts before us. They are true or false, and if they are false they must be found out by experts, by men fit to do it wherever the case may arise, no matter what part of the world or where the case is from—the expert who is best able to discover and present these facts. You would not think of collective bargaining in the matter of whether there was an eclipse of the moon. You would in that case go to an astronomer. Many of these things are not subjects of collective bargaining; they are facts. They are true or they are false, and it is to the interest of both sides to get at the truth. Can anything in this world live in falsehood, anything worth while in this world? It is inconceivable. It can not ever be for the interests of any set of men to live in falsehood.

I would like to show you, if you will allow me, a solution of a problem by this slide rule. I want to show how utterly impossible it was for the poor fellow to carry all these things in his mind. I will solve a problem for you, if you will allow me.

There is a book [indicating] which contains the annual addresses of the president of the Society of Mechanical Engineers. Some years ago I was surprised, just as much as would be any of you gentlemen here, to be told I was nominated to be president of the Society of Mechanical Engineers, and for about three months, while the nomination was on, before the election, my chest got larger and larger, and I had to have somebody buck of me to hold up my head to keep me from falling over backward. Four days after the election I was given a dinner. My head and chest suddenly contracted when I was told I had been elected because the society needed reorganizing, and it was believed I was the man to do it. I had a big year's duty ahead of me.

One duty as president of the Society of Mechanical Engineers is to write an address at the end of the term, and, not being able to write an ordinary address, I decided to write up this series of experiments in the art of cutting metal. There is one series of experiments. On that little line [indicating] it would take perhaps a week's work to get those figures. Any one who has had anything to do with experimenting knows that the moment you get a piece of experimental knowledge you must lock it up in the safe, put it away from yourself, and never touch it again until you get to the end, because as you find yourself approaching a law it is next to impossible not to be biased in your judgment. At the end of six or eight months that information is taken out of the safe and spread out on a table, like that [indicating].

The next step is to take this set of figures, average them, and put them in the shape of little crosses on that diagram. Every one of that group of figures comes from a series of crosses. They are connected with little, fine lines, and then comes the work of the mathematician. He has to hunt up a formula which will put the heavy, black lines right through the other little crosses. That is the way mathematics has worked this out. That is the way this formula represents this law, embodied in this way.

After that is developed, that law is put onto this slide rule in the shape of these figures there, with relation to these and those [indicating], and the exact relative position of that set of figures with this and that [indicating] represents the same thing as that [indicating]. You have five ways of expressing a law. There [indicating] it is blind. There it is in the shape of a cross, next in the shape of a heavy black line, and next it is in that formula, and next it is there in that way [indicating]. These state exactly the same thing. There are five ways of stating exactly the same thing. We had 12 of these formulas, representing the art of cutting metal. I will show you how they should work. The first thing the workman has to decide is, How long do I want my tool to run without regrinding. He is told by a certain section of this rule that for a tool 1 by 2 inches it ought to be ground every hour in order to get maximum economy. It took a year and a half of experimenting to develop that fact. It is shown for each size of tool the most economical period it will run without regrinding. That is the first thing to settle. Next, what depth of cut shall I take? He might take from one-sixteenth of an inch up to 1 inch. We will say he takes a quarter of an inch. He slides the quarter inch down opposite here [indicating]. Next comes, of great bearing, the kind of metal that is being cut. Chilled iron you can only run about 9 inches in a minute; mild steel you can run 850 feet in a given length of time. This [indicating] tells the kind of metal you are cutting. We will say it is class 13.

Next we have the power that must be employed. That work might be anywhere from nothing up to 5 feet in diameter. We will say it is 10 inches.

We will slide this [indicating] to opposite class 13. You can cut there with 1 tool, 2, 3, or 4 tools on the machine. We will say that a man is running two tools, or two men are running a machine with one man to each tool. We will use two tools of a quarter of an inch. For the pressure on the tool we slide this 10-inch diameter opposite class 13, and now we are ready to solve that problem. These are the needs of the workmen. These are the things the workman must know. The workman must know that "A" means to use his triple gear; he knows that "D" means to throw his drive belt to a certain place; and he knows that "S" means something else. Here is "3-A-F." Carry that with your eyes across in this way [indicating]; that is about three-quarters of an inch. There is "4-A-F"; carry it across; that is about three-sixteenths. Carry "5-A-F" across; that is about five-sixteenths. Because this one happens to be to the left of that [indicating]—and the workman does not need to know why—that is the proper speed indicated there.

Let me show you what that poor fellow had to carry in his mind who was up against this proposition. If you want your tools to be reground at the end of an hour, if you want a certain depth of cut, if you know the quality of your metal is class 13 you know the diameter of your work is 10, but it might be anywhere from that up to 16. You have to carry all this formula in your head. If you have two cutting tools, if the pressure on your tool corresponds to class 13 and you place the resistance accordingly, you will do your best work by throwing your driving wheel on the floor and your triple here [indicating], and following out the other items as I have explained them to you, as shown by this rule.

Under the old plan the workman had to carry all these things in his head; and besides that he had to respeed his machine, and he had no hope of doing that accurately.

I want to thank you very much, Mr. Chairman.

THE CHAIRMAN. You have covered the general subject. Undoubtedly the members of the commission have some questions to ask. Mr. Garretson, have you some questions to ask Mr. Taylor?

Commissioner GARRETSON. No; I do not know that I have.

THE CHAIRMAN. Have you any questions, Mr. Weinstock?

Commissioner WEINSTOCK. Yes. Just a question or two, Mr. Taylor, if you do not mind answering them.

Mr. TAYLOR. Certainly.

Commissioner WEINSTOCK. Under this system of scientific management does the worker have a voice in determining the price or the premium he is to receive?

Mr. TAYLOR. The worker had no voice in that. I will go back, however, and show you the kind of voice he had. It may sound strange—it does sound strange to a man who has the old viewpoint—to be told that that is again a question which properly is one for scientific investigation. That is what we prefer primarily, that that is a question for scientific investigation. You want to do what is fair to yourself. I will show you how that is being applied primarily.

I had lots of friends in the Midvale Steel Works, friends just as intimate among the workmen as my brothers are, or as any friends could be. I went to a group of five or six of those fellows and said, "I would like you to go on such and such a kind of work and work for a premium of, we will say, 15 per cent added to your wages." I went to other groups at other kinds of work and offered 20 and 25 and 30 and 35 per cent. I said to these men, "Just work ahead at this and see whether you like it better than you did before. See whether this suits you." I said to them, "Mind you, you are now subject to limitations you were not subject to before. Some one now comes and tells you just how fast you are to do things and how you have to do them." That is disagreeable. No one likes that. It is not pleasant. Here is a set of laws, a new code of laws. I said to them, "When we tell you we want you to use such and such feed and such and such speed we want you to use it. You will have to act under certain limitations that you did not have before. We want you to do that, and then at the end of six or eight or nine months, after you have tried the thing, if you like it we will go ahead, and if you do not like it you may go back; we are perfectly willing to have you go back to the old conditions."

I should say one-third of the 15 per cent men stuck to it and the others wanted to go back. When it came to the 20 per cent men a larger number of them stuck and the others went back. Of the 25 per cent men more stuck

that went back, but still more liked the old better than the new method—of those just coming under it, but not after they worked under it for any length of time.

When we got to the 80 per cent men all but one stuck, and at 85 per cent every man stuck and was satisfied with the new thing. There is an indication of a law, and you want to do justice. Mind you, the men were new and had come freshly at this new thing and they disliked it. No one likes new things; no one likes to change their ways right off if they have formed a life habit of doing things a certain way. The fact that when we got up as high as the 80 and 85 per cent men all of them stuck, was an indication that at least we were doing justice to those men; showing we satisfied some of them. We found them all very well satisfied with it, in fact. There has never been a question on the part of our friends whether this premium is just or fair. When it comes to a certain kind of work, you have to pay 100 per cent in order to be just and fair. That is not a question for collective bargaining. It is a scientific investigation. Let me make it clear to you: We welcome in every possible way the cooperation of every man in our establishment. We welcome the cooperation of the unions and will pay them for their cooperation; we welcome it and want it. We want their help. They could do immense things toward this.

The day is not far distant when they are going to ask for this being done, and that the machines in their shops be properly studied and properly speeded, so they can get higher wages, for you can not pay the high wages if you do not get the increased output, and you can not get the increased output if you go along in the same sloppy way, and do not study your machines and do not make a science of every machine in the place, and if you do not study all your men and show them the best methods and give them the benefit of the experience of 100 shops instead of the experience of the old-fashioned foreman or the training of one man. You are not doing justice to your men. The time is coming as sure as the sun shines when the unions will take that up and insist on the employers doing their proper share of the work, that they shall make this proper study of their machines and do these other things. We welcome the help of the unions. What we do not welcome is when they try to put us out of business. I do not feel the slightest resentment against the union leaders because they have seen fit to roast scientific management, because in their ignorance of it they have written things about it that are totally untrue.

They say it is a nigger-driving proposition, a proposition to speed up. The thing I do feel sorry for is that these men who write these things will not come to our works and see for themselves. If they came they would not write that kind of thing any more.

The CHAIRMAN. May I make a suggestion for the purpose of speed? I was asked this morning to allow you to present your views in your own way; that is, to present your proposition in your own way. Of course, that was done. We would like, if possible, for you to leave off the argumentative part of the matter in your answers to these questions.

Mr. TAYLOR. Certainly.

Commissioner O'CONNELL. Of course, we want you to put your own system into effect here.

Mr. TAYLOR. Very well; I will accept that suggestion.

Commissioner WEINSTOCK. Would it or would it not, in your judgment, be wise and expedient to give labor a voice in determining the premiums and prices.

Mr. TAYLOR. I think that the moment that labor asks for it they will have it. They have never asked for it before because they have looked upon what they were getting as just and fair. The matter has never come up before me as a question; the fairness of it has never come up. They have accepted things as they are, and they have never said that they were anything but fair. In fact, they are more than fair.

Commissioner WEINSTOCK. Then you would have no objection to giving labor a voice?

Mr. TAYLOR. Not the slightest objection. I would welcome it.

Commissioner WEINSTOCK. Just one more question, and I am through. You pointed out that the system of permitting things to be determined by mere opinions will soon be a dead system; that the system of the future will be based upon the facts.

Mr. TAYLOR. Yes.

Commissioner WEINSTOCK. Now, assuming that to be true, what will be the ultimate, when all production has adopted scientific methods; what will be the result?

Mr. TAYLOR. Going right back to fundamentals, now, if you do not bring wealth into the world you can not distribute it. The first thing, then, is to bring the wealth into the world, and then you can make your distribution. The first thing for the interest of the workmen—and they get nine-tenths of it all—is to bring in twice as much, to produce twice as much by our factories and our shops, to every year turn out twice the amount of production, and that is going to be distributed among the workers, and they will get it. That is the first thing. In order to accomplish that, men must coordinate. The workmen and the manufacturers must get together, and the managers must say, "We will show you how; we will choose the men, the most trained men, to show the other men." That is the first thing. Cooperation must take place between the two sides. In order that that shall take place the workmen must cooperate. It is irksome to the workman; there is a certain amount that is disagreeable about this cooperation. If you allow every man to do just as he darned pleases in one case and in another case give them certain rules which they must follow it is somewhat irksome to them, and workmen will not prefer that to the old method unless they are paid higher wages for it, much higher wages than they were getting before. There it is; this is what the world wants. This is the important fact in industry; about 17 per cent of the world is engaged in coordinated industry. The rest is engaged in some other form of labor, farm labor or town distribution, and so on; and this 17 per cent which is engaged in coordinated industry will insist that they rise that much higher above the dead level, and they will not be satisfied without it. The same ratio must exist between the dead level of the world's industry, that is the 83 per cent of the world, which fixed the wages of the world—the relative value of things—and these men who are cooperating in an unusual way, who are sacrificing themselves, if you choose to put it that way, who go into this great game of cooperation. It is just like a baseball team. You never will find a baseball team where one man is not called upon now and then to sacrifice. It is darnel mean for a fellow to have to sacrifice when he might make a run, but he must do it for the benefit of the whole community.

The same thing exists in the industrial community. We have all got to cooperate. There have got to be certain things that are disagreeable about industry, and the men are going to insist, the men who are doing this thing for the benefit of the whole community will insist that they should get a proper pay above the rest. The problem is perfectly clear to me.

The CHAIRMAN. Do you deem that an answer? Is there anything else? Mr. Lennon, have you any questions?

Commissioner LENNON. No; I prefer to give Mr. O'Connell, so far as I am concerned, a chance to ask questions.

The CHAIRMAN. Mrs. Harriman, have you any questions?

Commissioner HARRIMAN. Mr. Taylor, I should like to know what guarantee the workmen have under the present system that an unscrupulous employer will not speed them up—I mean under the system that you describe.

Mr. TAYLOR. Because, Mrs. Harriman, speeding up results in less work and not in more work. You can not hurry without that result. I defy you to go into any of our shops and look and find a man that is overworking, in our establishments. If you find any man in any of our establishments who is overworking I will give \$50 to any charity you say. Those who have seen our establishments say that the remarkable feature about them is the fact that there is no hurry in them.

Commissioner HARRIMAN. But they are all good employers in your establishments. I am speaking of the condition of ordinary workmen under unscrupulous employers.

Mr. TAYLOR. If any of you have ever seen our people, you will understand that it is a friendly game. The moment a man is speeded up he refers to these laws, and there it is. You can not speed him up while these laws exist. And as to those laws, mind you; now, you take the Watertown Arsenal. Of course, these laws are still being added to, but at the Watertown Arsenal there is very little chance for an unscrupulous employer to do anything of that kind, because they have these laws there. Of course, there are mistakes made. They are fallible and they do make mistakes; but when they make a mistake it is instantly found out.

You put something under a time table and you give it to a man and he says he can not do that. He says, "Come and show me," and you have got to go and show him. He says, "I will take this thing, and you take the stop watch and time me." The man can not do it, and if he can not, that settles it. When a man takes a task and the workman says he can not do it, and he says to the workman, "You take the stop watch and I will do this," and he does it, then he says to the workman, "I will take the stop watch now, and I will see what is the matter with you." Generally speaking, he finds that the workman is making some false motions, he has not got the right way of handling himself. That is the way this code of laws is thrashed out.

Commissioner HARRIMAN. Then, you think that the system itself is a guaranty against—

Commissioner WEINSTOCK. Overwork?

Commissioner HARRIMAN. Yes; against overwork and overspeeding?

Mr. TAYLOR. It is not as it was developed originally, but that code of laws which has been thrashed out, in which 80 per cent of the men every day have been making good, that has been proved. Every man on the management side is just as much under that code of laws as the workmen.

Commissioner HARRIMAN. Are there pacemakers in these establishments?

Mr. TAYLOR. We have no such thing as a pacemaker. When a man goes out to do that work he is an efficient man. We never choose an inefficient man.

Commissioner HARRIMAN. He is not an exceptional man?

Mr. TAYLOR. No; he is not an exceptional man.

Commissioner HARRIMAN. No; that is it.

Mr. TAYLOR. We insist that every one of our men shall be a first-class man—shall become a first-class man.

The CHAIRMAN. Mrs. Harriman says that is a sufficient answer. Thank you. Prof. Commons, have you any questions to ask?

Commissioner COMMONS. No.

The CHAIRMAN. Mr. Delano, have you any questions?

Commissioner DELANO. I think that I have understood what you have said, except one thing that you said in answer to Mr. Weinstock. You spoke of 17 per cent being coordinated workers.

Mr. TAYLOR. Seventeen per cent of the world's workers are coordinated workers.

Commissioner DELANO. I wanted to see if I understood—

Mr. TAYLOR. That is, engaged in manufacturing establishments and similar establishments where men work together, as against the gardener and the grocery man and the coachman and those engaged in distribution, etc.

Gentlemen, mind you, in all that I say, in all the generalizations that I have made, about workmen, and in talking about soldiering, I have in mind only coordinated industry. My gardener is a much harder working man than I ever was in the world, and he has no incentive except kindness and honesty and decency. I never coached him in any way, and my working friends would not do it if it was not for their interests. It is no stigma on a man to soldier.

Commissioner BALLARD. You spoke of dividing men up into groups. One should work at 5, another at 10, and another at 15, and another group at 30 per cent, and so on. Was any selection made of those men?

Mr. TAYLOR. No; we took them as they came. They were friends of mine engaged in the shop, and some of them in other shops—not all machine shops.

Commissioner BALLARD. There was no selection of the men?

Mr. TAYLOR. No. What we were after was the truth.

Commissioner BALLARD. I understand.

Mr. TAYLOR. We were not after somebody—

Commissioner BALLARD. I appreciate that. Now, has any careful study been made of the men themselves to find out whether they were really tired, those who performed these larger tasks?

Mr. TAYLOR. Let me tell you one thing. A great part of these things were made in a machine shop. We will say fourteen-fifteenths of the work was in a machine shop. Now, you can not overwork men in a machine shop; it is impossible to overwork them in a machine shop, because the periods of rest are so great. You can not overwork them.

The CHAIRMAN. The question is, was any study made of that thing, in that manner or otherwise, to find out if the men really were tired?

Mr. TAYLOR. Yes. Many of them were in the machine shop, and those men can not be overworked. Now, on vise work, heavy vise work, you can overwork them.

The CHAIRMAN. He was asking you about the ascertainment of that fact alone. Was there any effort made to ascertain if they were overworked?

Mr. TAYLOR. Yes; but they were not. They were not forced to do anything.

The CHAIRMAN. Answering the question exactly as it was asked, an effort was made to ascertain?

Mr. TAYLOR. Yes, indeed. And remember, too—

The CHAIRMAN. That is the answer. There will be time perhaps for a little argument afterwards, but let us get through with the questions.

Mr. O'Connell, have you any questions?

Commissioner O'CONNELL. I want to ask you several questions, and if you will be as brief as possible in your answers I will be obliged. We will put your system into operation right here.

The law creating this commission provides that it shall seek to ascertain the underlying cause of industrial unrest. Do you consider the question of efficiency, as you have it in mind, one of the essential things for industrial peace?

Mr. TAYLOR. Indeed, I do. I think that without any question it is. For instance, in the case of the Link Belt Co., the average man has been in the employ of that company for eight years, as shown by this report before the House committee. And in a similar company, run by the friends of Mr. Dodge, a very notable company, one of the finest in this country, one of the partners came to me and said, with tears in his eyes, "The saddest thing that has happened in our industry in the last eight years is that we have lost 45 per cent of our men, changing every year."

Commissioner O'CONNELL. We have a great many efficiency systems—the Taylor system and the Emerson system and the Van Alstyne system and the Brumbacher system, and a great number of others. Relatively what is the difference between all of these systems? Can you not all agree upon some system?

Mr. TAYLOR. I am not bothering about other people's systems. I am only bothering about scientific management, and I can not criticize Mr. Brumbacher's system or anybody else's system. I have only tried to set forth ours, and, really, I can not criticize anybody else's system. I do not think I ought to do that.

Commissioner O'CONNELL. In what number of shops in the United States is the so-called Taylor system in operation?

Mr. TAYLOR. I can not tell you that. I know that I hear of new plants all the time, where they have been working at it for 6 or 8 or 10 years. I have been astonished to hear from them, I know—places that I never heard of and never knew that they were working at it. I know perhaps of 100 different plants in which it is working, but I really do not know how many there are in all.

Commissioner O'CONNELL. Have you any idea of the number of people who are employed under the Taylor system?

Mr. TAYLOR. If I should answer that, it would be only the veriest kind of a guess. I should think by this time there must be 150,000 or 200,000; but I do not know. I do not think anyone knows how many there are.

Commissioner O'CONNELL. You have been engaged in work on the system for 30 or 25 years?

Mr. TAYLOR. The first steps were taken toward forming it in 1881 or 1882.

Commissioner O'CONNELL. At the Bethlehem Steel Works I notice throughout your discussion you speak of the men never being overworked and all that. I find in your book here, on page 54, you say something about that.

Mr. TAYLOR. Which one of the books are you quoting from—Shop Management?

Commissioner O'CONNELL. Yes; Shop Management. I quote your language:

"When the writer left the steel works the Bethlehem pieceworkers were the finest body of picked men that has ever been seen together."

Mr. TAYLOR. No; "that he has ever seen together."

Commissioner O'CONNELL. Of course, I am quoting you.

Mr. TAYLOR. Not "that has ever been seen together," but the language is "that he has ever seen together."

Commissioner O'CONNELL. That is what I said.

Mr. TAYLOR. Not "that has ever been seen together."

Commissioner O'CONNELL. Well, do not let us haggle over that word. I continue reading:

"They were practically all first-class men, because in each case the task which they were called upon to perform was such that only a first-class man could do it." The tasks were all purposely made so severe that not more than

one out of five laborers (perhaps even a smaller percentage than this) could keep up."

Mr. TAYLOR. Yes.

Commissioner O'CONNELL. Was that not an extreme task, at which only one out of five laborers could keep up? Was it possible for them to perform the task?

Mr. TAYLOR. No, indeed; this refers to pig-iron handling, don't you see? There are very few men suited to pig-iron handling. To give you an illustration that I know will appeal to you: Most men have not studied men. All men have studied horses. Now, what we say is that a first-class man shall be chosen for his job every time. If you in Washington here were going to haul your coal, you would sooner or later insist that you should have it hauled by good, big dray horses. You might take in an emergency, when you did not have the big horses, a grocery-wagon horse or some other small horse, but sooner or later you would say, "I am going to have good, big dray horses."

Commissioner O'CONNELL. We will quit raising small horses after a while, then?

Mr. TAYLOR. Not at all. We would have grocery-wagon horses to haul grocery wagons, and donkeys for hauling carts, and polo ponies for their work; but you would say that no donkey would haul coal for you in the future; that only Percheron horses shall haul coal. We were forced to say in the first place that we had not enough Percheron horses. The way those men came on that work, they selected themselves. They came right out on the street and said, "We would like to handle pig iron." There was no selection made at the time. There was a gang of a hundred men running along with a foreman, whether they were fit for it or not. We said, "In order that we may be able to pay these men proper wages we have got to get the Percheron horses to handling pig iron," and in order to do that we had to select them. There is no injustice in that.

Commissioner O'CONNELL. You say that the output and production of your plants, where your system has been in operation, has increased 100 per cent or more?

Mr. TAYLOR. Yes.

Commissioner O'CONNELL. Have the hours of labor been reduced in any of those plants, where the system has been in operation, to eight hours a day, where the output has been increased?

Mr. TAYLOR. Oh, yes; wherever it has been possible to do it. If you have read what I wrote about the Simms Ruling Machine Co., you will remember the conditions that I found there—that I found girls that were working 10 hours a day. Without waiting for any system or anything else, I just knew that it was inhuman to work girls 10 hours a day.

The CHAIRMAN. Instead of arguing these specific cases, will you kindly answer Mr. O'Connell's questions and tell him what institutions you now have in mind where the hours were reduced to eight per day on account of this system being adopted?

Mr. TAYLOR. The Simms Ruling Machine Co.

The CHAIRMAN. Any others?

Mr. TAYLOR. To eight hours per day?

The CHAIRMAN. Yes.

Mr. TAYLOR. Mr. Fife, who has just reduced in the clothing industry to eight hours a day.

The CHAIRMAN. Are there any others that you recall?

Mr. TAYLOR. I can recall lots of them that have gone down from 10 hours to 9 hours.

The CHAIRMAN. But no more that have gone to eight hours, that you think of now?

Mr. TAYLOR. I will look them up and write you about it.

The CHAIRMAN. Very well. That is enough.

Commissioner O'CONNELL. Has the Link Belt Co. reduced its hours?

Mr. TAYLOR. Surely; to 54 hours a week.

Commissioner O'CONNELL. How long has 54 hours been in operation there?

Mr. TAYLOR. Eight or ten years, I should say.

Commissioner O'CONNELL. How long have they had this system there?

Mr. TAYLOR. Just a little longer than that.

Commissioner O'CONNELL. Were they not working 54 hours a week when that system was put in?

Mr. TAYLOR. I do not think so. I am pretty sure of that. I am not positive of it. I am sure that the Taylor Co. has reduced hours. We always try to do that. But we will never reduce hours if we are going to make the men work harder.

Commissioner O'CONNELL. You say in your experience there never has been a strike occur where the efficiency system has been put in?

Mr. TAYLOR. I never said that; most emphatically not. I said where scientific management has been adopted there has never been a strike. There are thousands of efficiency systems.

Commissioner O'CONNELL. Has the Bethlehem Steel Co. reduced its hours of labor since that system has been put in?

Mr. TAYLOR. I have not been there myself for 12 years, but the last time I knew of it there were two distinct systems in use at the Bethlehem Steel Co.—our system in the fine work and the old-fashioned individual driving system in the rest of the works.

The CHAIRMAN. Then your answer is that you do not know whether scientific management is now in the plant referred to by Mr. O'Connell?

Mr. TAYLOR. I was trying to explain—

Commissioner O'CONNELL. The machine shop, you mean? That is, the department in which they have the finer work?

Mr. TAYLOR. Yes.

Commissioner O'CONNELL. Isn't it true that about two years ago there was a general strike in there which caused a general turmoil?

Mr. TAYLOR. I never heard of it in the machine shop. The machine shop ran until they had nothing to work on, if I am informed right, and then they quit.

Commissioner O'CONNELL. The machine shop was where it was inaugurated.

Mr. TAYLOR. I beg your pardon.

Commissioner O'CONNELL. Have you ever heard of a strike there?

Mr. TAYLOR. Yes; but those men were not working under our system. Do you mean to say men that dropped down out of the sky? No; of course the men were not working under our system.

The CHAIRMAN. That is the answer. There is no use repeating it.

Commissioner O'CONNELL. Well, if the efficiency system was introduced in the foundry in the Watertown Arsenal, and the men went on strike—

Mr. TAYLOR. It was not introduced, because it takes two or three years to introduce our system anywhere. You can not introduce it in an hour. You can not develop this code of laws and introduce it in a day.

Commissioner O'CONNELL. I understand this occurred three years after the system had been started.

Mr. TAYLOR. The molders had not had a solitary thing. They had no tables and no time system, and nothing had been done. They struck at the drop of the hat.

Commissioner O'CONNELL. I recall reading in one of your books—just now I can not lay my hand on it—that it was necessary to inculcate in the minds of all those concerned that they must bear in mind constantly that this company is organized for the purpose of paying dividends to its stockholders. Do I quote you correctly?

Mr. TAYLOR. I think I can read you from this pamphlet what you are trying to quote.

The CHAIRMAN. Let me make a suggestion, that if any member of the commission is going to refer to any writing of the witness, the writing itself should be read to him, because it leaves so much room, if you do not do that, between the understanding and recollection of the interrogator and that of the witness that there would be no end of it.

Mr. TAYLOR. I have this right here.

The CHAIRMAN. One minute, Mr. Taylor. You say you have there the passage referred to?

Mr. TAYLOR. Yes. It is as follows:

"All employees should bear in mind that each shop exists, first, last, and all the time, for the purpose of paying dividends to its owners."

The CHAIRMAN. I understand you have some explanation that you wish to make?

Mr. TAYLOR. Yes.

The CHAIRMAN. Make it as clear and as short as you can.

Mr. TAYLOR. No greater piece of injustice—

Commissioner O'CONNELL. Are you quoting?

Mr. TAYLOR. No. I say no greater injustice can be done to an author than to take an isolated passage from one of his works and quote it. See the gross injustice of this. Here is a page that he points out, and this whole page is taken up in pointing out to the owners of a business that they ought to be decent to their men, that it is their duty to bring it to the highest state of efficiency in their shops. If they can not pay them higher wages, it is their duty to find work for them outside in other people's shops, and to hand over their good men, whom they have trained and paid their good money to train, to others. When I said that at the Midvale Steel Works Mr. Sillers (?) almost frothed at the mouth about that. I say it is their duty to promote their men and get higher pay for them. Then after pointing out that, I come around and say this to the workmen:

"On the other hand, this policy of promoting men and finding them new positions has its limits. No worse mistake can be made than that of allowing an establishment to be looked upon as a training school, to be used mainly for the education of many of its employees. All employees should bear in mind that each shop exists, first, last, and all the time, for the purpose of paying dividends to its owners."

Now, after you say that the employer ought to do certain things for his men, is it not perfectly proper to call the attention of the workmen to the fact that they ought to be decent to their employers, and that they must not look for promotion, and to the fact that those shops exist for the purposes stated here? Is it not injustice to me to take one of those things without the other and quote it, as has been done here?

Commissioner O'CONNELL. Do you believe in profit sharing between employer and employee?

Mr. TAYLOR. Certainly I do. We share profits every day. We give an increase of 30 per cent in wages.

Commissioner O'CONNELL. Do you believe that they should organize in their respective trades organizations?

Mr. TAYLOR. I believe in dealing with the older time type of employment; it is an absolute necessity. I have not as yet seen the necessity, under the newer system, and if there is any necessity, if it is for the benefit of the men, that is what I am looking for. If they can do better with it, they should have it.

Commissioner GARRETSON. In response to Mr. Ballard's question, Mr. Taylor, as to whether a study has been made or as to whether men were being overworked, you stated that it was an impossibility for a man to be overworked under your system.

Mr. TAYLOR. In the machine shops, I said. It is an absolute impossibility that they should be overworked. The periods of rest are too long. The period of time necessary for a man to rest from work in order not to be overworked is absolutely established. All you have to do is to put a weight on a man's arm and to calculate how much of his time in the day he is under that weight, and you can see whether he is overworked or not.

Commissioner GARRETSON. Whether he falls from exhaustion or not?

Mr. TAYLOR. No; but if men have been working with that load on their arms for generations and they are all right, then that is proof that they are not being overworked.

Commissioner GARRETSON. Not even if they die from it?

Mr. TAYLOR. But they do not die from it.

The CHAIRMAN. We will take our recess now until 2 o'clock.

(Whereupon, at 1 o'clock p. m., the commission took a recess until 2 o'clock p. m.)

AFTER RECESS—2 O'CLOCK P. M.

The CHAIRMAN. The commission will come to order. Commissioner Weinstock has a question or two further that he would like to ask you, Mr. Taylor.

TESTIMONY OF MR. FREDERICK W. TAYLOR—Continued.

Commissioner WEINSTOCK. It has been held, Mr. Taylor, by the opponents to your system and its critics, especially among those representing organized labor, that while it is admitted that, temporarily, the scientific system increases earnings, in the long run it cuts the earnings. Is that true?

Mr. TAYLOR. I can not conceive of any such fact. I can not conceive of the application of scientific knowledge falling to do anything but increase earnings, because it increases output, and invariably you will find one thing is true: You can not increase earnings without output. You may increase output

without increasing earnings, but the only road toward a permanent increase in wages is an increase in output permanently. That is true the world over.

Commissioner WEINSTOCK. And yet, according to your own statement of this question, Mr. Taylor, if I understood you correctly, you said that in the beginning this increased surplus either does go or has gone almost entirely to the employer; that later on the worker gets a part of it, but that, ultimately, the consumer gets it all.

Mr. TAYLOR. In this way: I was referring in that to the history before the introduction of our system. That is the history of the industry in the past. Look into the introduction of the factory system, and the employer got it all at first.

The CHAIRMAN. It does not apply to this system?

Mr. TAYLOR. Not at all. We absolutely safeguard our men.

Commissioner WEINSTOCK. Then, according to your idea, the present system means that this increased surplus is divided more or less equally among three factors—the employer, the worker, and the consumer?

Mr. TAYLOR. Yes; and, for the first time in industry, we have seen that, before anyone gets anything, the workmen have their 33 per cent to 200 per cent.

Commissioner WEINSTOCK. That is the first objective?

Mr. TAYLOR. That is the first thing we do.

Commissioner WEINSTOCK. Then you deny the charge that scientific management gives the worker only temporarily an increase in earnings?

Mr. TAYLOR. I point to every one of our companies, as far as I know, where it has been introduced. You will find those same percentages are paid still, so far as I know.

Commissioner WEINSTOCK. Has the system been in operation long enough to determine that as a permanent condition?

Mr. TAYLOR. In the company that I originally went to, where I first introduced it—the Midvale Steel Co.; I have not been there for something like 22 years; I have not been inside of that company; but I believe you will find the same thing still holds true. I can not conceive of any set of American workmen continuing to stay, as they have, year after year, with one company, unless they found that they were better treated there than anywhere else. I know that my workmen friends are still at the Midvale Steel Co.'s works, and I know, also, that the managers of the Midvale Steel Co.'s works are the same that I trained and left there many years ago. I can not conceive that things should have changed, although I know nothing about it. I have no personal knowledge of the matter.

Commissioner WEINSTOCK. It has also been contended that the scientific management system tends to a finer and finer subdivision of labor, and that the ultimate result, therefore, is to throw out the skilled worker and to replace him with the unskilled worker, thus preventing the development of mechanical ability.

Mr. TAYLOR. There is no question that, throughout all industry, there is a continual tendency toward the subdivision of work; but absolutely no greater under scientific management than under natural management. That is universal. You will find that in all trades everywhere. In any trade you will find this great subdivision going on.

Let me point out, however, this fact, which is not at all appreciated, that under scientific management we insist that every one of our workmen shall learn not one, but two or three or four trades. They have got to go up. Every man in our place goes up. We insist upon that.

It may be said that that is an assertion without proof, and I want to call your attention to the sworn statements before this House investigating committee. All of the men in an industry were there. There is a list of every man who started out, and what he was at this time. I refer to page 1502, third volume of the hearings before the House investigating committee, and that will show, as a result of this investigation there, that every man has gone up in wages and position, and that is so in every one of our companies. In our companies you will always find the same thing. We insist on our men going up. That is what we are there for—to keep them, to train them, and to let them see that we are their friends. Every man in the place knows that we propose to train him to do the finest and best class of work for which he is fitted sooner or later, and to bring him up.

Commissioner WEINSTOCK. You mean the purpose of the system is to bring out of the man the best there is in him, for his good and for the good of the employer?

Mr. TAYLOR. Yes; for their and our good. As we have said over and over again, our companies are mainly man factories, and secondarily something else. If we can first build up this high class set of men and train them and keep them to do good things, they will do the rest for us. There is no question about that.

Commissioner WEINSTOCK. Another point that has been made is this: That while it is admitted that the skilled worker under your system earns more than the skilled worker may have earned in the past, the fact remains that he becomes, after all, an unskilled worker when called out of his particular job?

Mr. TAYLOR. Our men are the most sought after of any people in the country. When a man leaves one of our establishments he can always get work, and they always come back to us when they get a chance.

Commissioner WEINSTOCK. They are all-round men?

Mr. TAYLOR. Certainly, because we have taught them, we have been kind to them—it is teaching, and not "nigger driving." It is a scheme genuinely to help the man along. They could not be our friends otherwise, and they are our friends.

Commissioner WEINSTOCK. One more point: A statement has been made that nothing could be more unfair than to put a premium on muscle, rather than on brain; and that a man should be paid not only for what he does, but also for what he knows; that this system puts a premium on their muscle rather than on their brains; that a man who can turn out, grind out the most stuff, is the man who is more highly paid, regardless of his brain power.

Mr. TAYLOR. I am looking for a particular man's name—C. Cox. He came to this country January 1, 1900, as a laborer, at 15 cents. That fellow had not an opportunity to serve an apprenticeship. He was intelligent, but not a very well educated laborer. He was a very intelligent fellow, and exceedingly industrious, and a fine chap. He first became rather a good man as a helper, and then was given a drill press, and taught drill-press work, and lathe work, and planer work, and finally he became foreman and head of the whole department. He came at 15 cents an hour, and when this was written he was making 40 cents an hour as a machinist. We had taught that fellow five or six trades. That is what we propose to do for every man.

The complaint has been made that raising these fellows up supplants our high-class mechanics; but these high-class mechanics become our teachers. Our factories are all managed by the workmen. They graduate from workmen and come to the management, and then cooperate with their fellow workmen up in a higher position.

Every one of them do that. When we raise them to a position at which we can not afford to pay them any higher wages, we send them forth as superintendents and foremen of other works.

Commissioner WEINSTOCK. You pointed out very clearly and strongly that the first essential to succeed under this scientific management system is to have the good will and hearty cooperation of the workers. I think you also spoke of the fact that in the beginning they looked upon this whole thing with suspicion.

Mr. TAYLOR. Surely.

Commissioner WEINSTOCK. They looked upon it as meaning a cutting down of their earnings and losing their jobs. If that is their attitude in the beginning, how can you win them over and secure their good will and cooperation? How do you overcome this suspicious feeling?

Mr. TAYLOR. Slightly by talking to them, but not much. Talk does not accomplish very much. Principally by building up an object lesson. We say to a man, "Come on and cooperate with us." One man comes on and cooperates with us, and we say to him, "It is a new thing and we will just try it and see if you do not like it." And we teach that man, and give him the 30 per cent higher wages, and let him work out that thing right along. And the next thing that happens is that his friends, two or three of them, will come and say, "I would like to have some of this. Am I not just as good as he is?" And we say, "Certainly. Come along." We never start in to change a factory over. We bring one man in and use him as an object lesson, and let him see what it is—whether it is an affair of "nigger driving" or whether there is anything bad about it. And these men see the other men getting these premiums, and they want them, too. They say, "He has got his; why can't I have mine?" The main complaint in our factories is not that we are introducing the system, but that, under this system, some of the fellows are not getting a show. They want to get in.

Commissioner WEINSTOCK. You mean that in the beginning they fight against it, and later they fight for it?

Mr. TAYLOR. In the beginning they fight against it, and in the end they fight for it; absolutely.

The CHAIRMAN. Mr. Thompson will you kindly ask your questions, or I think Mr. Garretson has some first.

Commissioner GARRETSON. You spoke this morning of a condition where the foreman went in and increased the rate of pay, and he was haled before the directory and discharged for disturbing the labor market, by directors who were able to dominate the situation. What guaranty is there in your scientific system against precisely that condition taking place in a plant where the scientific system has been carried to its ultimate fullness, when change of management might take place, or change of control?

Mr. TAYLOR. There is absolutely no guaranty possible against any kind of iniquity; you can not guarantee against that, but the man who did that would simply kill the goose that laid the golden egg; the moment he tries any such nonsense as that instantly his men would cease to be friends of his and the whole thing would tumble right down, and he would find his costs climbing right up, and the whole thing would tumble right away.

Commissioner GARRETSON. That is what you meant; exactly the same thing would take place that had taken place before the piecework system; a man would be measured by his output under the bonus system, and would be expected to do that much under the straight wage system?

Mr. TAYLOR. Let me tell you: A man is not going to do it; it falls right down instantly. This is a question of friendship and cooperation. The American workman is not a slave; you take away his premium and away goes half of his output.

Commissioner GARRETSON. He has gone back to the wage scale?

Mr. TAYLOR. And he has gone back to his original output; he is no worse than he was in the first place, and a darn fool comes in and thinks he can rob people. He can not.

Commissioner GARRETSON. Has not the "darn fool" been universal in the wage problem, as far as that wage problem goes?

Mr. TAYLOR. As applied to the companies which we have systematized, I have not in mind one single company that ever got this thing in that went back on it; not one. I have never heard of one.

Commissioner GARRETSON. Your system represents a fractional part of an inch in the measurement of centuries, does it not?

Mr. TAYLOR. Surely.

Commissioner GARRETSON. Has not that type of man been prevalent in the wage system, the one you characterize as a "darn fool"? That is a very charitable name for him, but has he not been almost universal?

Mr. TAYLOR. No, sir; the great majority of this world are right; the great majority of the working people are right, and the great majority of the employers are right. If not, we would have a terrible world to live in. The great majority of people are right.

Commissioner GARRETSON. Has justice been ordinarily maintained in the adjustment of wages?

Mr. TAYLOR. Nine hundred and ninety-nine out of a thousand; it is the thousandth case where it is not maintained. Justice is the universal thing in this world, almost; the injustice is the unusual thing. If it were not so this would be a horrible world to live in. We are tired of slavery. We are on toward democracy.

The CHAIRMAN. Now, Mr. Thompson, I want you to ask the regular questions. I want to say that I wanted to have Mr. Thompson first, but I made a mistake.

(Here the witness stated that he desired certain books, which were produced.)

Mr. THOMPSON. These questions that I intended to ask you were not questions that would depend upon books, although I may touch on them in the questions that I shall ask.

In your address upon the subject of scientific management or efficiency systems, as we call them now, to-day, you said something about the establishment of measures in regard to doing the work, and I will ask you how and what kind of measures are established, whether the work is divided up into basics, day work, or how is it reached in your system generally?

Mr. TAYLOR. What kind of measurement or equitable task?

Mr. THOMPSON. No; as to a piece of work, as a task. What might it be in a specific case?

Mr. TAYLOR. Why, here they are all written out, fortunately, if you want to have an answer to that, here they are in writing, these tasks. Here they are, a lot of written tasks.

Mr. THOMPSON. Let me ask you further, and I will get at it, seeing that you have several methods. Do you use the element of time in arriving at a designation of a task; time measurement, for instance?

Mr. TAYLOR. Every elementary movement of every man has to have its appointed time, its proper time in which it ought to be done.

Mr. THOMPSON. When you say that every elementary movement of a man should be measured, you mean by that that you divide the operation or the task into more detailed parts, and for this part which you call an elementary movement you set a time method?

Mr. TAYLOR. Yes. We make a study of how long it would take to shovel a shovelful into a pile. We make 1,500 observations of a particular thing; we make 1,500 observations of one kind of material, by two or three good men—not poor men—and those are averaged out, and those furnish a foundation time. Then we always add a large percentage to that for unavoidable accidents and delays, and things of that sort.

Mr. THOMPSON. That becomes a foundation for that elementary movement, or code of laws?

Mr. TAYLOR. Yes.

Mr. THOMPSON. And you say that goes practically through all industries?

Mr. TAYLOR. Practically through all the industries.

Mr. THOMPSON. It might be called a basic or general law, perhaps?

Mr. TAYLOR. Those are the laws; the time laws of that industry.

Mr. THOMPSON. When you get to the measurement of the extra time, how do you do there; how is that arrived at?

Mr. TAYLOR. That is arrived at in many ways. For instance, you will have in your establishment a man who is recognized by his fellows as a good worker, a man who, when you stick to him and say "How long have you been at this job?" he says, "Ten or fifteen years." You ask, "Are you working as you think a man ought to work?" He says "Yes." You say "Very well, then; let you and me together examine this and see what you are doing. Let us get at this thing."

When you start in to study that man that way, you say "John, you want to go into this thing with us, don't you? You know what we are after; do you want to go into it?" and he says "Yes," and you say "Very well. While you are doing this it will be an inconvenience to you, and it will be disagreeable, but we will pay you double wages. What we want is your regular standard pace that you find is right, that you agree is right and everybody else will." We study that man's motions, we find the exact time that it takes to do each elementary motion, and then we find that in addition to that, that it is necessary for him to have proper rest periods, and in order that he shall not be forced to work like a slave all the time, morning and night, and never shall be hurried, and that he shall have a certain amount measured for talking with his friends and whatever is right, he should do. There is a certain percentage added on that, never less than 20 per cent, and in some cases 100 to 120 per cent are added to the time in certain instances, but never less than 20 per cent on any job that I have had anything to do with.

Mr. THOMPSON. That extra time is allowed by some one; you need not state by whom.

Mr. TAYLOR. That is part of the laws; it is not allowed by some one else's say so, but it is part of the law.

Mr. THOMPSON. Will you please answer the question? If you haven't an opportunity of answering fully when you have answered the question, you will have an opportunity at the end. So that at first the time study is established by some one?

Mr. TAYLOR. Yes.

Mr. THOMPSON. And then the result of these observations and time studies is crystallized in a sort of law, and the time of the elementary operation, which is a general law, is next established beyond that for the extra time?

Mr. TAYLOR. Percentage allowances, as they are called.

Mr. THOMPSON. Now, there is a payment allotted, is there not, for the doing of this work to the workers?

Mr. TAYLOR. Yes.

Mr. THOMPSON. That is his reason for doing the work?

Mr. TAYLOR. One of his great reasons; yes; 83½ per cent.

Mr. THOMPSON. It is a basic law of his work; his compensation?

Mr. TAYLOR. Yes.

Mr. THOMPSON. I do not mean his extra compensation; what he originally gets for his work.

Mr. TAYLOR. Yes.

Mr. THOMPSON. Now, how is the amount of return that he is to get arrived at? First, you say he is to receive $33\frac{1}{3}$ per cent, or whatever that may be, more than he received before. Who determines that what he got before is to be the basis for any computation of increase?

Mr. TAYLOR. Why, when a man, a laborer, comes to one of our establishments he applies to us, and we never take him at less than the working rate of wages there, and we almost always in our establishments say that no man can come to work as a laborer unless he gets a little more than the ruling rate of wages, whatever they may be.

Mr. THOMPSON. That is to say, when he comes to your establishment you say that he shall get the prevailing rate, and if he is working in the factory he gets that prevailing rate plus this additional percentage?

Mr. TAYLOR. Thirty-three and a third per cent. The moment he raises to a higher class of work in our establishments his wages go right up automatically and his base goes on and on and up, and added to the base is $33\frac{1}{3}$ per cent, or up to 100 per cent added on top of that.

Mr. THOMPSON. Assuming that a man is working in one of these factories and your system has been tried out with reference to his particular work and you are ready to establish that rule, who determines whether he shall receive $33\frac{1}{3}$ per cent increase or 100 per cent increase?

Mr. TAYLOR. It is determined entirely upon the character of the work in which he is engaged; it depends on the nature of the occupation.

Mr. THOMPSON. Who decides as to the character of work, determining the rate of percentage?

Mr. TAYLOR. That is done by a series of investigations, as I told you this morning.

Mr. THOMPSON. Who makes the decision?

Mr. TAYLOR. The investigator. No one can do it except the investigator. It is a scientific investigation, just as a man who figures there will be an eclipse of the moon and says it is so-and-so and writes it down; that is the man who determines it.

Mr. THOMPSON. So that you have in your system of efficiency, then, a scale of increases running from $33\frac{1}{3}$ per cent up?

Mr. TAYLOR. Yes.

Mr. THOMPSON. The amount to be paid to the workman, whether it is $33\frac{1}{3}$ per cent or more, is to be determined by an investigator working under certain determinations of his as to the basic rules or laws?

Mr. TAYLOR. Yes.

Mr. THOMPSON. Who hires the investigator?

Mr. TAYLOR. The employers, of course.

Mr. THOMPSON. Who pays the investigator for his work?

Mr. TAYLOR. The employers, naturally. You could not get the workmen to pay for the investigation. It would be unjust to ask them to do that.

Mr. THOMPSON. Who installs the use of your system in a factory or shop?

Mr. TAYLOR. Well, if they are wise they will get a man who has had experience.

Mr. THOMPSON. I do not mean the individual, but is it the owner of the business that installs the system?

Mr. TAYLOR. He gets an outside expert generally.

Mr. THOMPSON. But the owner does it or the proprietor of the business?

Mr. TAYLOR. Surely; yes.

Mr. THOMPSON. If the owner should decide that he did not want your system, it would not be put in—or any other system, any efficiency system?

Mr. TAYLOR. I do not know how you can in any way make a man do what he doesn't want to do.

The CHAIRMAN. Please answer yes or no, and make the answers as short as possible, Mr. Taylor.

Mr. THOMPSON. I also will endeavor to make my questions as short as possible.

Then, it is the owner or proprietor of a shop or a factory, looking over his work, that would decide whether he wants efficiency? He is the one that

would make the judgment, and he would determine as to whether it would be put in the factory or not?

Mr. TAYLOR. Yes.

Mr. THOMPSON. And he would determine what kind of a system he would want to put into use?

Mr. TAYLOR. Yes, perhaps.

Mr. THOMPSON. At least he would determine whom he wanted to consult with reference to a system to be established or put in use?

Mr. TAYLOR. Yes, sir.

Mr. THOMPSON. And either leave that to the judgment of some other man or men, or determine himself what system he wants?

Mr. TAYLOR. Yes.

Mr. THOMPSON. As I understand it, there are various systems of efficiency; is that so?

Mr. TAYLOR. Well, the word "efficiency" has been used in relation to about a thousand different things.

Mr. THOMPSON. Wait a minute—but generally speaking it is understood in regard to this field that you occupy that there is more than one entrant in the field, is there not?

Mr. TAYLOR. More than one person has taken the word "efficiency"; yes.

Mr. THOMPSON. I do not want to quarrel about the word "efficiency," but there are several people from whom a manager or owner of a shop might select as to which he would put into use?

Mr. TAYLOR. Yes.

Mr. THOMPSON. And the selection would rest with him or somebody that he might appoint to make the selection, would it not?

Mr. TAYLOR. Yes.

Mr. THOMPSON. Then, if he appointed a certain system—that is, for instance, he would have investigations made and time studies, etc., by the investigator or a set of investigators—it makes no difference which as to those from which he would make a determination as to the basic law that underlies the operation of a task and determine the wage or remuneration which would go to the worker, and the extent of it. Is that true or not? That is what you have already said.

Mr. TAYLOR. No; we would not make a new investigation; we would use the laws developed in 30 years for that investigation. We would make a brand-new investigation. These laws have been developed, and they are laws or facts.

Mr. THOMPSON. You would take either the result of other investigations which have been crystallized into laws or make new ones?

Mr. TAYLOR. Yes; we take the laws that have been developed in the last 30 years and we use those laws.

Mr. THOMPSON. Then, as a matter of fact, it is the proprietor who would determine upon the introduction of the system, and through him either the laws already formed under your system or laws made from direct studies of his business would be put into operation, which would govern the workman at his task? That is true, is it not?

Mr. TAYLOR. If I understand your question, yes; I think it is. I do not know just what you mean. I can not look into your mind and see just what you mean by those words.

Mr. THOMPSON. As you understand them, that is correct?

Mr. TAYLOR. Yes.

Mr. THOMPSON. In your studies, or in the application of those laws, the individual workman would have no voice in so far as the selection of the system, or in so far as the selection of the investigators who should make the studies, if such investigations should be made, should use, would he?

Mr. TAYLOR. The individual workman, do you mean to say, in Mr. Smith's establishment?

Mr. THOMPSON. Yes.

Mr. TAYLOR. Mr. Smith would not consult his workmen as to what system was going to be introduced?

Mr. THOMPSON. Yes.

Mr. TAYLOR. I can not conceive of such a thing. I do not know, there might be such a thing. I can not understand it. It is to me utterly inconceivable. I have never known of such a system, where a man would start to introduce a system and never consult his own men. There might be such a crazy thing as that done, but I have never heard of it.

Mr. THOMPSON. Then, you would say that it would be a crazy thing for the proprietor to do, to introduce such a system as yours without consulting his men?

Mr. TAYLOR. Why, of course, I would. My gracious alive—

The CHAIRMAN. If that is so, there is no use arguing. Just say that that is the case, and let us save time.

Mr. THOMPSON. Now, when it comes to the determination of the amount of time needed in an elemental operation, you say this would be determined by an investigator. This investigator, you say, is selected by the proprietor or by people appointed by the proprietor, and that he makes these determinations. What voice has the employee in the selection of the investigator who is to determine finally the amount of time that is really required for this elemental operation?

Mr. TAYLOR. Are you assuming, now, Mr. Thompson—

Mr. THOMPSON. Please just answer the question.

Mr. TAYLOR. You are asking me a question that I can not answer. Your question is there, but I do not know what is in your mind.

Mr. THOMPSON. I will restate the question, then, because I do not want to have any doubt about it.

Mr. TAYLOR. I understood the question, but there may be a different meaning in your words, and we are not—

Mr. THOMPSON. Just answer the question as you understand it.

Mr. TAYLOR. Are you assuming that the investigator is going to work here and making a fresh investigation of this man's business? Is that in your mind; or are you assuming that he is going to use these laws or that slide rule that has been 26 years in being established under investigation?

The CHAIRMAN. Read the question to the witness.

(The reporter read the pending question as follows:)

"Mr. THOMPSON. Now, when it comes to the determination of the amount of time needed in an elemental operation, you say this would be determined by an investigator. This investigator, you say, is selected by the proprietor or by people appointed by the proprietor, and that he makes these determinations. What voice has the employee in the selection of the investigator who is to determine finally the amount of time that is really required for this elemental operation?"

Mr. TAYLOR. I want to know whether, in that elemental operation, you have in mind something that has never been determined before—that is, one out of perhaps one hundred things that go on in that establishment—or whether you have the ninety-nine that have been determined and are in this book and in that code of laws? Ninety-nine of those things are in the code of laws, and the hundredth remains to be determined.

Mr. THOMPSON. Of course, that deduction is perhaps arbitrary—that is, that ninety-nine have been determined and that the hundredth has not.

Mr. TAYLOR. I would say that more than ninety-nine have been determined in the art of cutting metals, in the art of machine-shop practice.

Mr. THOMPSON. You stated a short time ago that in the determination of the law which specified the time required for an elemental movement, you have had an investigator—sometimes more than one—appointed, who would make studies up to 1,500 perhaps—studies as to the time required. Now, in the selection of those investigators, if they are needed as an original proposition in any shop you go into, what voice has the employee in the selection of those investigators?

Mr. TAYLOR. Now, what do you mean by the "employee"? What do you mean by that? I do not know what you mean by the "employee."

Mr. THOMPSON. The workman who is being studied.

Mr. TAYLOR. The workman who is being studied?

Mr. THOMPSON. Yes.

Mr. TAYLOR. We always ask for his cooperation. In ninety-nine cases out of a hundred the man who is being studied has the matter put up to him, and we say, "This is what we are after. Do you wish to join us in this?" The man who makes that study is in ninety-nine cases out of a hundred a man who came from the workers, a man whom the workers in the shop have confidence in.

Mr. THOMPSON. I understand, but the workman has not the selection of the investigator, has he?

Mr. TAYLOR. Of the man who is going to investigate him?

Mr. THOMPSON. Yes.

Mr. TAYLOR. No.

Mr. THOMPSON. He has no selection. That is all I want, now.

Now, if there were a difference of opinion between the worker, as to the time that it took to perform this elemental operation, and we will say the proprietor of the establishment, the determination of that time would be made by the investigator, would it not?

Mr. TAYLOR. As a preliminary, it would.

Mr. THOMPSON. Yes.

Mr. TAYLOR. But, on the other hand——

Mr. THOMPSON. Now, just——

Mr. TAYLOR. Let me answer the question.

Mr. THOMPSON. You have answered the question.

Mr. TAYLOR. No; I can not answer the question, one-fourth of it, and let the rest of it go.

Mr. THOMPSON. I will give you an opportunity later to say what you want to.

Mr. TAYLOR. But I can not leave that question one-fourth answered. It is not right to me to leave it in that way. Anything that you give to that workman has to be tried out to the satisfaction of the workmen in the shop.

Mr. THOMPSON. Yes.

Mr. TAYLOR. The first decision, as a preliminary, rests with the proprietor in the shop. I wanted to have that understood right off.

Mr. THOMPSON. Then the workman in the shop has the final say?

Mr. TAYLOR. Yes; it must suit him, and he must say that it is just. As a preliminary, you are quite right; the proprietor has everything to say about it, but the moment he touches it and the man comes out with that time table and he says, "There is your time," and he says, "I can not do it in that time," that must be settled to the satisfaction of the workman, and it does not require any appeal or any question. When any workman says, "I can not do it in that time; show me," he must be shown, and unless he is shown to his satisfaction, you have not scientific management.

Mr. THOMPSON. Yes; he is the final decider, in that he says that that time suits him. That is, he says that it is not too short. It may be too long, but if it is too short, he can say, "I will not do it."

Mr. TAYLOR. The code of laws contains a great many mistakes, but any time he says——

Mr. THOMPSON. I did not ask you about that. I want to get down to facts, and I want to make my own investigations, and if you want anything further you can put it into the record.

Mr. TAYLOR. Yes.

Mr. THOMPSON. Is it not the employee who is the final decider of the time he can take to perform an elemental operation?

Mr. TAYLOR. Yes; it is.

Mr. THOMPSON. Is it?

Mr. TAYLOR. Yes; he has the final determination.

Mr. THOMPSON. Then, if you should go into a new establishment with the 99 laws already established in reference to that business in your book, an employee of that factory would have the right to turn those laws over and say to you and to your men and to the proprietor, "These are all wrong, and I will write new ones for you," and then state the laws as he understood, and the time-work as he understood, they should be applied to the elemental motions?

Mr. TAYLOR. No; he has the right to say, not that they are all wrong, but "This part of the laws is wrong." We will not listen to him if he says they are all wrong. Then we will make an investigation to see whether he is right or wrong, and we prove it in this way.

Mr. THOMPSON. All right, go on.

Mr. TAYLOR. The workman wants to know what he has and what he has not got.

Mr. THOMPSON. But who decides where the workman says to you, "This law is wrong"? Who decides whether or not it is right or wrong?

Mr. TAYLOR. I am trying to tell you, but if you do not let me talk, I can not tell you. If you will let me talk, I can tell you. The workman says, "This law is wrong."

Our answer to that is, "Very well. I am a workman myself. Take my stop watch and I will do this while you time me." He takes the watch and I do the work and he times me, and then I turn to him and I say, "Did I do it in the time?" He says, "Yes." Then I turn to him and say, "Now, you do it and I will hold the watch." Then the workman turns around and I time him while he

does it, and then we find that the workman is making false motions and is working in an inefficient way and we have a chance to see just what he is doing that is wrong. "You are holding your wrench wrong. If you will study this new and better way of doing this thing you will find you can do it in the time." We are teaching workmen in that way how to do what they are required to do in these operations.

Mr. THOMPSON. Suppose he finally holds his wrench right and it takes more time to do it, who decides whether he took the right time or whether you did?

Mr. TAYLOR. This time has been established by experience in 50 establishments by men of a similar character; and we say, "We will pay your expenses, and you go to the shops and see other men do it."

Mr. THOMPSON. You have not answered my question. I asked you, and you know just what my language means—

Mr. TAYLOR. What is it?

Mr. THOMPSON. You tell that man that he has a wrong action; that he has not done it right; that he is "soldiering" on the time. In other words, you determine—I do not know what you tell a man—

Mr. TAYLOR. No; I do not say that he is "soldiering" at all. I say, "Very likely you are inefficient. You have not yet learned this right." Our men do not "soldier" after they come under this system.

Mr. THOMPSON. But you decide finally whether the workman's objection is well taken to your ruling, do you not?

Mr. TAYLOR. I do not. This code of laws decides it—this code of laws that has been proved to be right decides it.

Mr. THOMPSON. A code of laws is an inanimate thing and can not decide anything.

Mr. TAYLOR. There is nothing in the world more powerful than a code of laws. The whole United States is run by a code of laws. This code of laws that has been developed determines, and we ask these men to go to these various shops and see whether it is right. That is our answer. The code of laws is above all people. That is what I want to impress.

Mr. THOMPSON. But the workman does not recognize that code of laws framed by Mr. Taylor and his associates in several shops as ruling human action.

Mr. TAYLOR. It is not framed by us.

Mr. THOMPSON. If you will just answer my questions, Mr. Taylor, we will save a lot of time.

Mr. TAYLOR. I am trying to answer the best I can.

Mr. THOMPSON. I think not. I am sorry to say that. If this workman goes to the other shops and comes back and says finally to you, "Well, I think that my position with reference to that law is correct," then what do you say?

Mr. TAYLOR. Then we have a very careful investigation made by one, two, or three men, whose judgment I have great confidence in, to go to those and other shops to see whether he is right or wrong.

Mr. THOMPSON. Then, suppose after you have made that investigation and have gone patiently and carefully over that with this man, this man still says to you, "In our judgment you are still wrong," then who decides the matter?

Mr. TAYLOR. I do not think I have ever had that case come up.

Mr. THOMPSON. But if it should come up? I am trying to get at all sides of these matters.

Mr. TAYLOR. Finally justice decides it. Public opinion in the shop decides it. General public opinion of everyone.

Mr. THOMPSON. In whose person resides this capacity to determine exact justice? Does it reside in the workman? Is he able to say that this law is wrong? Or does the proprietor say? Or does the investigator, or investigators, sent into that shop to work out your system decide that question?

Mr. TAYLOR. A combination of all of them settle it. It is a democracy that decides it; a general democracy of the whole thing. It is public opinion of the shop that decides it. If a man continues to kick unjustly—a workman—public opinion of the shop frowns on it.

Mr. THOMPSON. You do not answer the question yet, Mr. Taylor, and I want you to answer it. Suppose that the employees on a given task who do that work in a shop, ten or a dozen men, should say to you that your law is wrong. Then suppose you should say to them, "Go to these other shops where it has been worked." And suppose they should go and should come back and still say to you, "Mr. Taylor, you are wrong." Suppose, then, you should have special investigations made and new tables prepared, and they should still say to you that you are wrong, Mr. Taylor. Do you take what they say then? Do

you write their table? Do their tables become the incarnation of justice, or do you, or somebody for you, somebody representing your system, decide?

Mr. TAYLOR. Which one of those questions would you like me to answer? You have put an inquiry to me containing four or five questions, and I do not know which one of them you desire me to answer. You are asking me four or five questions at once, and I can not answer it until I know which one of them you want me to answer. If you will let me answer in my own way, I will do so; or if you will tell me which one of those questions you want me to answer, I will do my best to answer it.

Mr. THOMPSON. I am only asking you one question, and I will ask the reporter to read it now.

(The reporter repeated the pending question.)

Mr. TAYLOR. You have asked five questions in succession. Which one do you want me to answer? Or, if you will allow me to answer in my own way, I will answer. I want to know which one of those five questions you would like to have me answer.

Mr. THOMPSON. I will ask you: Did you not say a short time ago, when I asked you that if the individual workman disagreed with your table, then you asked him to go to other shops where the table was in operation to see how it worked?

Mr. TAYLOR. Yes.

Mr. THOMPSON. You said that?

Mr. TAYLOR. Yes.

Mr. THOMPSON. Then you did not say, in case he differed with that still, that then you made an investigation with reference to these specific laws, new investigations, and if they were still found to be correct, they were still enforced? Did you not say that?

Mr. TAYLOR. If I find those laws were right and being properly carried out and workmen were working under them in six or eight shops, all of them making good under them, and if I found that those workmen were not overworked, and they were normal workmen, well suited to their jobs, I would say, yes, these laws have been proved, and are correct.

Mr. THOMPSON. After you have done those two things suppose that the men still say that they think the laws laid down by you are not correct and are not the incarnation of justice, who decides it?

Mr. TAYLOR. I tell them that these laws are not laid down by me. These laws are embodied in this trade. These laws have proved themselves for the last 10 years. It is up to you now to show me that they are wrong. I will listen to what you have to say.

Mr. THOMPSON. Suppose they say "We believe they are wrong; we think they are wrong." Then what do you do? Who decides whether they shall work under those laws or not?

Mr. TAYLOR. If we find that in four or five shops many men are working under these laws to their satisfaction, I say there is something wrong with these workmen, then, and I try to persuade them. I tell them to get busy; to see what others have been doing under these laws. I ask them what is the matter with them, and I tell them what other people are doing and have been doing, and for them to climb up and get busy and do the same.

Mr. THOMPSON. But suppose you do not persuade them? Suppose they are still of the opinion that they are right? What is done, and who does it, then?

Mr. TAYLOR. To tell the truth, I do not remember ever to have had such a case as that in my life. I will climb that fence when I get there. I never ran against that. Over and over again I have proved these things to men. I have sent them out to see other people who worked right. I have pointed out that this is so, and I have never met that kind of men. If I meet them, I will know how to deal with them. I can not take a supposititious case that does not exist. As far as I have found it, the mechanics that I have come in contact with and the workmen that I have come in contact with are endowed with a good deal of common sense and a good deal of judgment.

Mr. THOMPSON. Then, so far as I am able to gather, there is no final determining source in your system? Is that correct, Mr. Taylor?

Mr. TAYLOR. Except the gradual evolution of law. These laws are gradually evolved through the cooperation of both sides—not of one side. They build themselves up through the fact that they are giving satisfaction to both sides, and have to repeat it and repeat it and repeat it. That evolves the law. That is the way the common law of the world has been evolved, exactly in the same

way. The laws of this shop are so evolved, just as the common law governing all countries is evolved.

Mr. THOMPSON. I may tell you, Mr. Taylor, that the common law of this country and of England is evolved in many cases, and in most cases, from the judgments of courts and decisions by courts having the power to decide.

I am trying to find out from you a very simple thing. I am trying to find out, when you go into your shop and there is a difference of opinion as to the time taken, who determines it, and you do not seem to be inclined to answer that question. Anything that you would like to say on the subject I should be very pleased to hear.

Mr. TAYLOR. I have tried to make myself clear, that gradually a code of laws is evolved which is satisfactory to both sides, and that both sides submit themselves to those laws; that the manufacturer, the owner of a business, no more dares violate those laws than the workman does to violate those laws; that he refers to this code of laws not as to what he says—he does not say, "This is my judgment;" but he refers to this slide rule, and he says, "There is 30 years of work. I stand on that. It is not a question for me to say. I do not recognize it or fail to recognize it. There is the scientific fact that has been developed. Those are the laws we are working under."

The CHAIRMAN. Let me see if the commission understands the situation. Your answer seems to amount to this, that you have not run across any case in your observation where there was a disagreement as to the length of time in which the task should be done. Is that correct, Mr. Taylor?

Mr. TAYLOR. No final disagreement.

The CHAIRMAN. Let us leave the subject, then, if the commission is satisfied to do so.

There is no objection. Proceed.

Mr. TAYLOR. I should welcome a tribunal, if one could be made, to which you could refer these things.

The CHAIRMAN. You say you would welcome such a tribunal?

Mr. TAYLOR. I would, indeed. I look forward to the day when the United States Government will furnish a tribunal of that sort. Nothing could be better in this world, to develop these laws and make them national laws.

The CHAIRMAN. There are one or two questions that have been evolved that I would like to ask you:

In attaining the increase in production of which you have spoken, to what extent would you say the results are due, divided into these subdivisions: The better planning of the work, the adoption of scientific standards, the utilization of new methods, and the elimination of "soldiering," as you have stated, on the part of the workmen?

Mr. TAYLOR. Of course, that would vary with the condition of the various types of business.

The CHAIRMAN. It would be impossible to make any general answer upon that?

Mr. TAYLOR. No; but in a general way I should say that the immediate putting of the establishment in order—just plain common sense, the simplest kind of horse sense that any fool would have, almost, going into business; the putting it in order; just having things done the same way each time, instead of a new way each time.

The CHAIRMAN. Could you tell to what extent that figures?

Mr. TAYLOR. I was going to say that I have had it produce a 50 per cent increase, just that alone—putting things in order; a 50 per cent increase of output—moving things in the logical way throughout, seeing that they have no false movements, that things are not duplicated, that things are done in an orderly instead of a disorderly way.

The CHAIRMAN. That would include the better planning of the work, the adoption of standards, and the utilization of new methods? All of that would represent about 50 per cent?

Mr. TAYLOR. New methods is another matter.

The CHAIRMAN. Well, then, the other elements mentioned would represent an increase of 50 per cent?

Mr. TAYLOR. Merely the orderly movement of things, to stop disorder and have order in the place of it; that is, what we spend perhaps a year or year and a half on in any establishment.

The CHAIRMAN. And you say that in some places that has amounted to an increase of production of 50 per cent.

Mr. TAYLOR. Yes.

The CHAIRMAN. How much, or could you state how much of a percentage you have found of the increase of production would be due to the utilization of new methods?

Mr. TAYLOR. Methods new to that establishment?

The CHAIRMAN. That would be my idea.

Mr. TAYLOR. Methods new to that establishment, but old in other establishments. As a rule a very large part of the increase comes from that sort of thing; from the use of this slide rule, from the cutting out of a whole lot of foolish movements, movements that were entirely unnecessary, movements that a man is making because of the formation of bad habits, learned when he was young, perhaps; the gradual substitution, where it is a practicable thing, of the movements of the right and left hand at the same time—teaching the man to do something with both of his hands at the same time, instead of doing first this and then that [indicating]. That sort of thing would be perhaps the largest gain.

The CHAIRMAN. Could you estimate the percentage of gain in the same industry, or a typical industry such as you had in your mind when you said that the better planning of the work might result in a 50 per cent increase in production?

Mr. TAYLOR. I could not say that. I could have the matter looked up for you and try to approximate those various things in an establishment if you would like to have me do so.

If you would like to have me go back and look up the records I will do it, but it is hard to do it now. I have never put it exactly on that standpoint.

The CHAIRMAN. Very well, then. I will ask you this question, in the record, and you may give your answer. It will be sent to you:

In attaining to the large increases of production, to what extent are the results due to the better planning of the work, the adoption of standards, and the utilization of new methods, and how largely to the elimination of "soldiering" on the part of the workers?

That will be given to you so that you can analyze it, and if you can, why answer it.

What method, if any, has been adopted to determine whether or not the amount of work required of men is injurious to their health?

Mr. TAYLOR. As far as I know, the method is only that of closely observing the men when they are at their work. In addition to that, however, there are certain laws of fatigue which have been very carefully studied. When we begin in certain industries we can say absolutely certainly that this man will not be overworked, and can not be overworked, and in certain others we can say that they can be overworked. I will tell you by an illustration, if you like—

The CHAIRMAN. I would rather have you refer me to the laws.

Mr. TAYLOR. I will try to tell you what that law is.

The CHAIRMAN. Is it a written law?

Mr. TAYLOR. Yes; it is a written law.

The CHAIRMAN. Could you refer me, first, before you make your explanation, to any volume containing the law?

Mr. TAYLOR. Yes; it is somewhere in this book here.

The CHAIRMAN. It is in your work?

Mr. TAYLOR. Yes; it is here in this book. But I will repeat it very much quicker than I can find it.

If a man is doing very heavy laboring work, and has a load on the end of his arms, a push or a pull, or alternately a push and a pull, that is very heavy laboring; most of it comes on his arms, and if he has 45 pounds load on his arms, he must have a rest 58 per cent of the time. Even a big, powerful man must have that—the dray horseman must have 58 per cent rest.

If that load is reduced on each arm so that, instead of 45 pounds on each arm, it is reduced to 22½, he requires only 42 per cent rest. If that load is reduced to 15 pounds on each arm, he only requires 30 per cent rest.

That is a law carefully laid down, a law of fatigue. He must be free from load for his muscles to recuperate a certain portion of the time, as I have stated. That results from the study of the recuperation of the muscles. Not only that, but these periods of rest must come at quite frequent intervals. It will not do for him to have a load on his arm for four minutes at a time and then rest for four minutes. He must free himself from the 45-pound load oftener than every four minutes if he is going to get through properly with the 58 per cent rest.

The law of cooperation of muscles, and so forth, has been very well settled. I do not mean to say by that that there is not much to learn yet; there is still

a great deal to know, but we investigate overwork in that way, and when I say that men in a machine shop, 14 out of 15 can not be overworked, it is from investigation of the strains that they are under that they can not do it; the periods of rest are a necessity, and they are so frequent, and the stress on the arms and the body is so mild that we can not overwork them. I am saying this advisedly and not from any general talk about it, but from careful investigation. We made careful investigations to see how many men in a machine shop it was possible to overwork, and I find that not 1 in 14 is it possible to overwork.

The CHAIRMAN. Have you stated all the method which now comes to your mind which has been adopted to determine this factor of fatigue?

Mr. TAYLOR. No; there is another class of work. For instance, the young girl, the work of a young girl, who is particularly easily tired and quickly tired. We give her a job to do and then we study her very carefully to see when she shows any signs of nervousness. As soon as fatigue is beginning to show, and when she begins to fall off and wants to talk, we carefully study all that, and from that study we find that no young girl should go for more than an hour and a quarter without a complete rest, and so in our establishment, where we have our way and where we order them to do it, and they generally do it, and if they don't they have to quit, we give 10-minute rest periods every hour and a quarter, and every girl, when they leave the establishment, they go out and talk and get free, and then they come back again. These girls show nervous fatigue, and in that way we find that in eight hours a day it is very difficult to overwork a young girl, which is the one most sensitive and which we have to guard the best. I consider it very, very important that they should have these 10-minute rest periods at the end of every hour and a quarter. Perhaps we are wrong about the hour and a quarter—

The CHAIRMAN. But that is one of the methods you adopt?

Mr. TAYLOR. Yes. Perhaps it ought to be some other period, but that is what we have determined and what we believe to be best, and we find that it generally gives satisfaction to the employees; they are pleased with it. Some of them do not like to leave their work at the end of that time, but we make them. That is where we come in and we make them. We say, "This is the 10-minute rest period, and you can do anything but work in that period; you can go off and rest and talk to some one else, or please yourself in any way you want, but you can not do any work."

The CHAIRMAN. Do you think of any other method that has been adopted, to your knowledge, to ascertain this fact as to whether or not the amount of work required is injurious to health?

Mr. TAYLOR. Well, except to take the statistics of the men who have been working under it, that is all; we study the men. We take the length of time that they have been in the employ, and we see if they are happy, and we have them weighed once in a while to see whether they are going uphill or downhill.

The CHAIRMAN. Is there a definite plan laid out in making that study in your code of laws?

Mr. TAYLOR. Nothing except what I have told you.

The CHAIRMAN. But the laws you mentioned—that is what I am trying to get at. Under your system is there a definite portion of the code devoted to this proposition as to weighing the men?

Mr. TAYLOR. Surely—no; not as to weighing the men; it is only when we suspect that they may be overworked in a line that we weigh them, and then not always, but only when we suspect that there is a possibility of overwork. But as a rule I find, as I have told you, there is a certain pressure pulling or pushing on the arms, and that is a pretty good safeguard for the men, provided you pick the right men; but if you get a light man and have him carry a load of 45 pounds on each arm, that is ridiculous; you will overwork him terrifically; so that we eliminate these men and take the men that are able to stand that.

The CHAIRMAN. That is just about the same as the large horse and the small one?

Mr. TAYLOR. Yes.

The CHAIRMAN. Does that result in lowering the quality of the output?

Mr. TAYLOR. Invariably the output is better. Our statistics show that everywhere we have observed we find that the output is better; we must have better output and we must have better quality. We must have more of it; and more of it without a better quality would be ridiculous; so that you will find, if you read what I have written on the matter, we always begin with quality;

we always begin by saying that a man may not lessen his work, but he is to do that first and give the same or better quality; and then you must never ask a man to do what he has not done before. We see that his quality is held up and that we must get better methods of quality rather than worse.

The CHAIRMAN. What is the result of the wages by employment under the scientific management?

Mr. TAYLOR. From 33½ to 100 per cent better, at least. The report of this company shows that the men are getting 73½ more—the average of them—73½ per cent higher than they did when they came.

Commissioner O'CONNELL. What works was that?

Mr. TAYLOR. The Taber Manufacturing Co.

The CHAIRMAN. To what extent has that resulted, as regards compensation, with higher speed of production when there is such? Can you state that, or is that too broad?

Mr. TAYLOR. I can state it in a general way. I will state that we have never done anything but reduce; we always advocate giving the lowest hours at which a man can do his work; we have never increased the hours of labor, and it is always our tendency to go down; and, I might say, even in our machine shops, in which the output is dependent on the machine rather than on the men, we are seriously thinking of seeing whether it is possible to get down to eight hours in our shops, and away from nine hours, and still compete. You understand, if we can not compete the whole thing falls to pieces; we can not pay the big wages, and we are injuring our men. In certain shops we are making a very great study to see if we can not reduce to eight hours and still maintain such conditions that we can pay the high wages; but we are doing no good to the man if you lower his wages at the same time.

The CHAIRMAN. Are there any statistics in existence showing whether the hours of labor have been reduced by the introduction of scientific management?

Mr. TAYLOR. Not that I know of; but I can assure you that they have been lowered; I have told you some.

The CHAIRMAN. I understand; but I just wanted to know if there was any such information. Now, kindly refer to page 69 of Shop Management.

Mr. TAYLOR. What volume?

The CHAIRMAN. I do not know.

Mr. TAYLOR. There are two editions here; that is the reason I asked that. I will see.

The CHAIRMAN. There is a quotation of this kind: "The writer has seen, however, several times after the introduction of this system the members of labor unions who were working under it leave the union in large number because they found that they could do better under the operation of the system than under the laws of the union."

Is that correctly quoted?

Mr. TAYLOR. Yes.

The CHAIRMAN. Kindly give me a specific instance—that is, the shops and the unions from which they retired.

Mr. TAYLOR. The Midvale Co. and the Bethlehem Steel Works, the Taber Manufacturing Co., and the Link Belt Co.—every company I have ever been in that has been so to a certain extent.

The CHAIRMAN. Mention all that you can remember.

Mr. TAYLOR. From my own personal knowledge, I can say that I believe there are a great many; but those are all the specific instances I have in mind.

The CHAIRMAN. Those are all the specific instances?

Mr. TAYLOR. Yes.

May I justify this and explain that a little further?

The CHAIRMAN. Certainly; make any explanation you like.

Mr. TAYLOR. I want to say this, that so far as I know no one who has ever had anything to do with scientific management has ever in the slightest degree discriminated against a union man or a nonunion man, so far as I know. I never heard of any discrimination one way or the other. The question is never asked, so far as I know, in our establishment, whether a man, when he comes to work, is a union or a nonunion man. We are trying to do identically the same thing that the unions are trying to do for the workmen; we are after higher wages and we are after shorter hours, and we are after better working conditions. We are after exactly the same things that the unions are after. We can not have any quarrel with the unions; we agree with all these objects, and we have exactly the same objects. But this is an explanation. If a set of

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workmen find that they are the best of friends with their employers they do not need to coerce them; and, mind you, I heartily agree with coercion that is necessary with the unions on behalf of the employers sometimes; I am a union man, and all I say is that under our system we have never had a necessity for coercion. We are anxious to do for our men, and we are doing and have done more than any union has done for them; but these men in the unions come to me and say sometimes, "Fred, I am tired of paying these dues. Would you leave the union?" I say that I have never advised them to leave the union or to join it. I say, "If it is better for you to belong to the union, go on; I have nothing to do with that matter." I do not say yes or no to unions in our shops. I do not object to the men belonging to them, but I tell them that they will have to judge for themselves. They say, "I am tired of paying dues when it is not doing anything for me," and they gradually leave; but they leave not in an unfriendly way to the union, and it is an extraordinary fact that has come up in connection with this, and it came up in my early youth, and I would like to tell this, which is to the point. My union friends are horrified that a man leaves the union.

In my youth my mother was a very strong antislavery woman; she was a friend of Lucretia Mott, William Lloyd Garrison, and Charles Sumner, and when I was a little boy I lived with antislavery people, and when Lincoln's proclamation came out I remember distinctly, young as I was, and I remember a great many of these antislavery happenings and their disappointment because it abolished their society. And so with the union people; they are sorry because we are doing more for their men than they, and are sorry we are treating them better and giving them shorter hours, and they feel sad that a man leaves the union for the same reason that these people felt bad because Lincoln issued his antislavery proclamation.

Commissioner WEINSTOCK. Their occupation was gone?

Mr. TAYLOR. Yes, sir; I can not help being amused at that analogy. I remember distinctly. I was only a young boy at the time; but these women had won their cause, and they felt darned sorry about it.

The CHAIRMAN. What provisions are made under scientific management for the proper training of apprentices?

Mr. TAYLOR. Exactly the same as elsewhere; that is to say, we take young fellows in and teach them as they do in any other shop. There is no difference at all; we simply take them and bring them up and teach them; and they receive a teaching that is away beyond any teaching you ever heard of before in your life. These teachers go out and stand at the machine with them, and they really teach them. They are not left to pick up a trade as I was; but these men are real teachers; these men are not bulldozers, but they are friends and they go to a fellow and say, "That isn't right." They say that to a young man or any man where he is inefficient with his machine; they say, "Let me show you," and they stand right there and show them; and if a man gets into difficulty he sends at once for one of these teachers to come and straighten him out, not as a bulldozer, as was the old efficiency idea of having a taskmaster, but as having a friend show him, and the teaching is immense. My boy learned in a year a better trade than I learned in two years, and he will be a better mechanic.

Commissioner O'CONNELL. You think an efficiency system if put into thorough operation would succeed the unions and they would go out of existence?

Mr. TAYLOR. No; I never look for the unions to go out. I am heartily in favor of combinations of men. I do not look for a great modification in the principles of unions as they now exist; they are of necessity largely now fighting organizations; I look for educational institutions, for mutual and helpful institutions; I look for great modifications, but never for the abolition of them. I simply look for a change, that the union shall conform itself to this new idea, the idea of a standard that is over all of us, and a set of laws that will be over all sides.

TESTIMONY OF MR. JOHN F. TOBIN.

The CHAIRMAN. Mr. Thompson, you will kindly interrogate Mr. Tobin, please.

Mr. THOMPSON. Will you please give your name?

Mr. TOBIN. John F. Tobin.

Mr. THOMPSON. And your address and business?

Mr. TOBIN. President of the Boot and Shoe Workers' Union, 246 Summer Street, Boston.

Mr. THOMPSON. How long have you been in that business?

Mr. TOBIN. Since 1895.

Mr. THOMPSON. What are briefly, in a general way, the duties of that position?

Mr. TOBIN. General supervision of the organization, general supervision of our collective agreements, and the management of our union label and office correspondence.

Mr. THOMPSON. The boot and shoe workers represented in your union are mostly in large factories, are they not?

Mr. TOBIN. Large and small.

Mr. THOMPSON. Where machinery is in use?

Mr. TOBIN. Yes.

Mr. THOMPSON. And the product is generally made in parts, is it not?

Mr. TOBIN. In subdivisions, minute subdivisions, hundreds of subdivisions.

Mr. THOMPSON. Generally about how many subdivisions are there to a shoe, if you can say, of any one style?

Mr. TOBIN. Over a thousand.

Mr. THOMPSON. In regard to these operations there is great repetition on the part of the worker of the part of the job that he is doing, is there not?

Mr. TOBIN. The operations, many of them, are reduced to a fraction of a cent, and a small fraction of a cent, per pair; in many cases a fraction of a cent per dozen pairs.

Mr. THOMPSON. No operator on a part of a shoe works on another part?

Mr. TOBIN. No, sir.

Mr. THOMPSON. In other words, he is a highly specialized worker?

Mr. TOBIN. Except it might be in the very smallest factories, he must be a specialist.

Mr. THOMPSON. In the factories in which your workers are located, Mr. Tobin, and where the work is divided into minute parts, wherever it be, have the workers had any experience with efficiency systems?

Mr. TOBIN. With what?

Mr. THOMPSON. So-called efficiency systems.

Mr. TOBIN. Not any of the recognized systems. Efficiency in the shoe trade was developed many years ago through the piecework system. The peculiarity of the shoe business is the high rate of speed at which all of the workers operate. With the possible exception of those very few in the factory who work by the day.

Mr. THOMPSON. What measures of efficiency are used in the highly specialized shoe factories, if you know?

Mr. TOBIN. I will give you my experience. I have not worked in a shoe factory for 25 years, but I worked with my watch constantly before me, and timed myself to a second on each operation, and worked with the view to producing more to-day than I produced yesterday, of my own initiative, expecting and believing that the more work I performed the more compensation I would receive. That is the incentive to all the operatives generally in the shoe trade.

Mr. THOMPSON. Is that true of the trade to-day?

Mr. TOBIN. More so than ever before.

Mr. THOMPSON. Then in the shoe trade the piece-price rule exists?

Mr. TOBIN. Almost exclusively.

Mr. THOMPSON. In the carrying out of that piece-price rule is there any instruction or education of the worker other than his own native ability would dictate?

Mr. TOBIN. There is no necessity for it. The incentive is there. The piecework task is the incentive to high speed.

Mr. THOMPSON. Are you acquainted with the so-called efficiency system, of which Mr. Taylor represents one kind?

Mr. TOBIN. I have tried to study the efficiency systems, but I find the lack of efficiency in presenting them to be an obstacle to understanding them.

Mr. THOMPSON. Have you ever considered either Mr. Taylor's system or any other of the well-known efficiency systems, as they might be applied to the shoe industry?

Mr. TOBIN. I do not see how it would be possible to apply the Taylor system or any other efficiency system that I know of to the shoe business.

Mr. THOMPSON. Why would it be impossible, say, to apply the efficiency system, if you understand it, as you do, to the shoe industry?

Mr. TOBIN. If an inspector or timer were put to the task of supervising any one of the several hundred minute operations, and undertook to teach the operators, he would interfere with the speed of that operative, and the result would be that the operator would be less efficient than before.

Mr. THOMPSON. Why is that? Is it because the operator has formed habits of movement with reference to his work?

Mr. TOBIN. He has formed habits and the work would be performed before the inspector could suggest what was to be done.

Mr. THOMPSON. But I understand that these systems would teach the worker how to hold his tool properly, so that he might operate more speedily. If one were taught, for instance, to hold his tool more properly, might that not increase his speed finally, when he learns exactly the way of holding it?

Mr. TOBIN. That might be true in the machine shop, but it would not apply in the shoe industry. The shoe business is equipped with highly developed and speedy machinery, and there are very few hand tools used.

Mr. THOMPSON. It is true, is it not, that some people are more speedy in the work than others?

Mr. TOBIN. Oh; yes, indeed.

Mr. THOMPSON. Do you believe that any method could be used to teach the people who are slow to increase their speed?

Mr. TOBIN. No; I think the tendency ought to be in the other direction. I think the trade would be vastly benefited by a supervision which would reduce the speed.

Mr. THOMPSON. What is the effect on the workers of the speed they now work at?

Mr. TOBIN. They become highly nervous and their health is affected by the close application.

Mr. THOMPSON. Then you think, instead of introducing a system of efficiency in the boot trade, it would be well to introduce a study of reducing speed so as to preserve the health of the operators? Is that it?

Mr. TOBIN. I think a plan of less work and shorter hours and more pay is to be desired rather than more work for less pay for fewer people.

Commissioner WEINSTOCK. Will you repeat that again?

Mr. TOBIN. I say that it would be better for the shoe trade, and I think also for many other trades, if we were to aim to give less work to more workers for better pay and shorter hours.

Mr. THOMPSON. That is all the questions I care to ask the witness.

The CHAIRMAN. Mr. Garretson, do you care to ask any questions?

Commissioner GARRETSON. No.

Mr. TOBIN. The tendency, as I observe it, under all the efficiency systems I know anything about, including Mr. Taylor's, upon his own statement, is that it seeks to furnish more work for fewer workers for higher wages.

The CHAIRMAN. Mr. Weinstock, have you any questions?

Commissioner WEINSTOCK. Yes; quite a number.

What is the attitude of the shoe workers toward the piecework system—the rank and file?

Mr. TOBIN. They generally favor it.

Commissioner WEINSTOCK. They favor it?

Mr. TOBIN. Yes; with the possible exception of the cutting department, which is the only important department in which daywork is in vogue.

Commissioner WEINSTOCK. The charge has been made that the piecework system develops the muscle rather than the brain, and that it is unfair to put a premium on muscle rather than on brains. What are the facts from your experience?

Mr. TOBIN. There is not very much muscular force required in the shoe business. Speed and brain power are necessary. The muscle, of course, is the reserve force which enables the worker to continue for a longer period of time and to live under the strain for a greater number of years.

Commissioner WEINSTOCK. It is further asserted that any system aside from the daywork system tends to drive a man to work too hard, that more of the workmen work at great speed and more strenuously than in any other country, and that they do this under the ordinary wage system.

Mr. TOBIN. Yes; that is the spur; nothing else; the piecework system.

Commissioner WEINSTOCK. Do you believe that the piecework system tends to drive the mass of workers to work too hard?

Mr. TOBIN. Unquestionably.

Commissioner WEINSTOCK. Then you would not advocate any system that would drive the workers to greater physical exertion than is now exercised?

Mr. TOBIN. I would apply, very possibly, plans to the very opposite direction. Commissioner WEINSTOCK. You would restrain?

Mr. TOBIN. Restrain.

Commissioner WEINSTOCK. Rather than encourage to do more?

Mr. TOBIN. Yes, sir.

Commissioner WEINSTOCK. It is claimed in relation to the efficiency system that it is based on the theory that so much effort can be gotten out of a man now, regardless of his future physical welfare. Do you know enough of the efficiency system or of the scientific management system to pass judgment on that point?

Mr. TOBIN. That may not be a just charge against the efficiency system. Mr. Taylor absolutely disputes that.

Commissioner WEINSTOCK. It is claimed that our greatest trouble is that young men should be given an opportunity to learn a trade, and that the present system means a finer and finer subdivision of labor, which robs the worker of the possibility of learning a trade.

Mr. TOBIN. We have no trade in the shoe business. It is an opportunity.

Commissioner WEINSTOCK. Is it true of the piecework system that while temporarily increasing earnings, in the long run it cuts the earnings?

Mr. TOBIN. Yes, sir; it does. The wages of the shoe workers of this country, to-day, the organized shoe workers—and by that I mean also the unorganized, who are relatively approaching the organized workers—are higher than they have ever been, but their production is much greater.

Commissioner WEINSTOCK. Have their earnings been cut?

Mr. TOBIN. In the sense that their higher speed enables them to produce more.

Commissioner WEINSTOCK. You mean their earnings are not increased in the ratio in which their productive powers are increased?

Mr. TOBIN. They get more dollars per week for producing more shoes per week.

Commissioner WEINSTOCK. Then, if the piecework system has cut their earnings, why should the workers, as you say, favor the piecework system in your trade?

Mr. TOBIN. The trade is overrun with new workers who have not learned by experience the ill effects of the piecework system. You might say that in most of the shoe centers the non-English-speaking foreigner is a very large majority of the workers, and they have very recently broken into the trade—picked it up, as Mr. Taylor picked up his trade. That is possible because of the subdivision, the minute subdivision of the work, and these foreigners getting into the trade induce their relatives to come, in and they teach them at home, or get into some place where they can have an opportunity, or go to a school where they pay any stated sum from \$25 to \$75 for the opportunity to operate a machine for a week or two weeks, and then go out and take a job. So that the men of wide experience in the shoe trade who know the ill effect of high speed are out of the trade eventually, so that the wisdom which they have acquired is not available to the trade. We find, too, that the foreign workman, because of his lower physical standard, is more prone to illness in our trade than the American workman. We spend about \$100,000 a year for sick and death benefits in our organization, as against \$10,000 for strike benefits.

Commissioner WEINSTOCK. Are you sufficiently familiar, as a result of your reading and study and inquiry, with scientific management to determine whether the same objections that you point out hold to the piecework system would also hold to the system of scientific management?

Mr. TOBIN. Not necessarily. I believe that scientific management, so called, has been greatly abused by persons who are not scientific. I do not know whether Mr. Taylor is scientific or not. I am not prepared to say. The chances are that some of his competitors would not agree that he was scientific. There is not any agreement as to what scientific management is—any considerable agreement, I mean. The general tendency of the worker is to believe that scientific management is invented solely for the purpose of increasing production and reducing the cost of production, and that it does not make any provision for displaced workmen.

I might illustrate this statement by a question which I asked of Mr. Taylor at one of the meetings where we happened to both speak.

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Speaking of the Midvale Steel Works and the elimination of unskilled labor by several hundred that were displaced because of inefficiency in shoveling rice coal and pig iron, I asked him what became of the men who were displaced, and he said that they were put at other work for which they were mentally and physically fitted. Is that right, Mr. Taylor?

Mr. TAYLOR. Exactly.

Mr. TOBIN. I asked, then, the question as to whether all of the displaced men found employment in the same works for which they were mentally and physically fitted, and he said, "No; not by any means." "Then what eventually does become of the men who are displaced because of your efficiency?" He answered, "That had not been provided for, but in the long run it would be."

Mr. TAYLOR. I would like very much to have an opportunity to tell you what became of those 4,600 workers, at some time.

The CHAIRMAN. Please make a memorandum of this and you can come back and give anything you wish in rebuttal.

Commissioner WEINSTOCK. It is further claimed, Mr. Tobin, that scientific management on the one hand, or piecework on the other hand, destroys collective bargaining, and that it means individual bargaining.

Mr. TOBIN. No; I think the tendency is the other way. It would be almost impossible. Not impossible, but a very difficult task, to operate a shoe factory and make an individual price for each operative.

Commissioner WEINSTOCK. So that, in your trade, it has no effect on collective bargaining?

Mr. TOBIN. No; we find collective bargaining in our trade is much more simple than the individual bargain, because all of the operatives, especially in the larger factories, on a given operation, have a flat price of so much per dozen or so much per hundred pairs. Individuality in the production of a shoe, I might say, is not a factor at all as it was many years ago. The shoe had the character of the workman stamped on it. The machine system has entirely eliminated that.

Commissioner WEINSTOCK. What percentage, so far as you know, of shoe workers employed in shoe factories are members of organized labor?

Mr. TOBIN. Possibly about one-third.

Commissioner WEINSTOCK. They dominate the rest, do they? They fix the prices and the conditions?

Mr. TOBIN. They fix a higher standard, naturally, by reason of being organized; and the unorganized factories must come somewhere near that in order to hold the workmen. In other words, the workmen will go to the factories that offer the best wages, so that the unorganized factory must pay approximately what the others do in order to hold the best workmen.

Commissioner WEINSTOCK. What voice, if any, has the worker in the making of the piece price?

Mr. TOBIN. In the organized factory he has absolutely an equal voice with the employer.

Commissioner WEINSTOCK. The two come together and agree?

Mr. TOBIN. That is a fundamental principle of our organization.

Commissioner WEINSTOCK. And if the two can not agree what happens?

Mr. TOBIN. We go to arbitration, in Massachusetts, through the State board of arbitration; outside of Massachusetts to a local board composed of one representing the employer and one representing the union, the two selecting a third as an umpire.

Commissioner WEINSTOCK. So that in your trade the worker has an equal voice with the employer in fixing the piece price?

Mr. TOBIN. Absolutely.

Commissioner WEINSTOCK. Does it work out satisfactorily?

Mr. TOBIN. It works out satisfactorily. The employer is not permitted under our contract to make any change in wages without the consent of the union. And, on the other hand, the union is not permitted to make any imposition on the employer in the shape of an increased wage without the consent of the employer.

Commissioner WEINSTOCK. And the price that is fixed between the union representative and the employer prevails for union and nonunion workers?

Mr. TOBIN. No; I am speaking now with respect to the collective bargain in factories with which we have contracts—that is, collective bargain contracts, arbitration contracts—but the wages which we fix under that system have a beneficial influence in what are known as nonunion shops.

Commissioner WEINSTOCK. It becomes a standard, practically?

Mr. TOBIN. It becomes something to point to.

Commissioner WEINSTOCK. As a basis?

Mr. TOBIN. On the other hand, too, when the union seeks to establish a price the nonunion prices are pointed to by the employer as the market price, and he endeavors to fix his argument before the arbitrators so as to get the advantage of the lowest price that he can find for the same quality of work.

Commissioner WEINSTOCK. I presume these prices are arrived at as the result of time studies, are they not—of timing the operations?

Mr. TOBIN. Not in the sense that they apply it in the efficiency scheme.

Commissioner WEINSTOCK. Do the workers in your trade object to having a time study applied?

Mr. TOBIN. It is not necessary. The employer knows how many pairs a man produces in a given time. He must know that, because they have a system of coupons on which is marked the number of pairs in a case of shoes. A case of shoes will be 12 pairs, 24 pairs, 36 pairs, or 60 pairs, and a workman does so many pairs a day, and the employer knows that, because the workman hands in his coupon, upon which his wages are based.

Commissioner WEINSTOCK. It is self-operating?

Mr. TOBIN. Yes; and without any additional cost. You can figure up the number of pairs a man has done.

Commissioner WEINSTOCK. And do you have, in addition to the piecework system, any system of bonuses or premiums in your trade?

Mr. TOBIN. A very few shops have. I will mention one shop, the L. Q. White Co., of Bridgewater, Mass. They have a regular union standard wage there.

Commissioner WEINSTOCK. Piecework?

Mr. TOBIN. No; week work; and in addition thereto they pay a bonus which amounts to anywhere from \$10 to \$20 a month per workman for saving stock. In other words, a certain number of feet of stock is allotted a pair of shoes, or a dozen pair of shoes, and if the workman can get out a satisfactory shoe and save stock over and above the allotment of footage allowed for a certain job that is placed to his credit and at the end of the month he receives his check for the amount which he has saved.

Commissioner WEINSTOCK. It is a bonus on the utilization of what otherwise might be waste?

Mr. TOBIN. Exactly. You have stated it very much better than I could state it.

Commissioner WEINSTOCK. Does the union object to that bonus or premium system?

Mr. TOBIN. They have not entered any objection to it, but they do not like the bonus system. Applied in that way they do not object to it, but the bonus system is calculated, as generally applied, as is the profit-sharing system, to develop a speed that is too high.

Commissioner WEINSTOCK. To overstimulation?

Mr. TOBIN. Yes; that is the objection.

Commissioner GARRETSON. Mr. Tobin, you have dealt for many years with the piecework system?

Mr. TOBIN. Yes. I have worked at it and under it.

Commissioner GARRETSON. In your opinion, is the piecework system, or is it not, an agency that—I am using a piecework price in the sense of wage—decreases wages while increasing earnings, or does it work that way?

Mr. TOBIN. It does work that way, absolutely.

Commissioner GARRETSON. That is all.

Mr. LENNON. Mr. Tobin, do the members of your union and the shoe workers generally turn out more work now for a dollar than they did in 1900, say?

Mr. TOBIN. Yes, indeed; very much more.

Commissioner LENNON. Then, while you earn more money because of the different manner of operating the factory, you have not had any increase in real wage, when it is compared with the production?

Mr. TOBIN. Well, do not misunderstand me. I say that the individual worker is now receiving the highest wage in the history of the trade; but that the whole cost of producing a shoe is less now than ever before.

Commissioner WEINSTOCK. Would you say that he is getting a higher wage, or that he is getting the highest earning power?

Mr. TOBIN. The highest earnings.

Commissioner WEINSTOCK. It is not a wage, it is really an earning power?

Mr. TOBIN. Earnings; yes.

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Commissioner LENNON. Would you not consider this an evidence of the introduction of substantial efficiency in the shoe business?

Mr. TOBIN. Oh, we have efficiency beat, as far as any system of efficiency that I have heard of is concerned. They are away behind the times when applied to the shoe trade. They would starve to death in a shoe factory.

Commissioner COMMONS. You doubted whether you knew what scientific management meant, but you probably do know the difference between a premium system and a piecework system?

Mr. TOBIN. Oh, yes.

Commissioner COMMONS. Which speeds the men more?

Mr. TOBIN. One speeds them up to the top notch, and the other one a little further.

Commissioner COMMONS. Which is which?

Mr. TOBIN. The premium is on top of the piece system. The premium system comes after the piece system, and is an attempt to get a little more speed. It is the highest speed on the machines.

Commissioner COMMONS. It is a higher speeder than the piece system?

Mr. TOBIN. Yes.

Commissioner COMMONS. How do you figure that out?

Mr. TOBIN. The very nature of the term indicates that; because, what incentive would the employer have to give a premium if there was nothing to be gained by it?

Commissioner COMMONS. What incentive would he have for piecework rather than daywork, except that the man will speed up more and get more pieces out?

Mr. TOBIN. Exactly. Then if you put on a premium system and then put on a bonus system on top of that again, you might get, possibly, a little more speed.

Commissioner COMMONS. If you will allow me, I think you do not understand the premium system.

Mr. TOBIN. Possibly not.

Mr. BARTH. He does not. Mighty few people do. I want to emphasize that and protest—

Commissioner COMMONS. Well, do not get excited.

Mr. BARTH. I protest, when a fellow that does know about it is sitting quietly—

Commissioner COMMONS. I think, perhaps, Mr. Tobin does know about it, but he has not thought in what way the term is used.

Take a piece that you are getting out at the rate of 100 a day, and at 5 cents apiece. In a day you would make \$5?

Mr. TOBIN. Yes.

Commissioner COMMONS. Under this premium system they put it up to you in this way: Five dollars is your daily wage; your task is 100 pieces. That comes out the same way, does it not—5 cents?

Mr. TOBIN. Yes.

Commissioner COMMONS. But for every piece over 100 we will not give you 5 cents—

Mr. TOBIN (Interposing). We will give you 4?

Commissioner COMMONS (continuing)—as we do in the piecework system, but we will give you, say, 2 cents. Which speeds the man the more? Is it not more of an incentive to the man to speed up where he is going after 5 cents than it is when he is going after 2 cents?

* Mr. TOBIN. But, as I understand the premium system—this gentleman may know more about it than I do, but I have seen its application—just as you see, say there is 5 cents apiece and for all over 100 we get 4 cents apiece. That means that when a man has done 100 pieces he has reached the limit for that day at the standard price of 5 cents apiece, and if he runs over that and does a few more he gets at the rate of 4 cents apiece for that additional number. That is my understanding of the premium system.

Commissioner COMMONS. Whereas in the piecework system it would be 5 cents?

Mr. TOBIN. It would be 5 cents all the way through; if he did 100 or 150 it would be a flat 5 cents apiece. If that is not the premium system, then I do not know anything about it.

Commissioner COMMONS. That is what I intended to define as the premium system, except with respect to this: That under the premium system, as a minimum, he is not supposed to get less than \$5, even though he produces less than 100 pieces.

Mr. TOBIN. Yes; but you, of course, appreciate the fact that the employer has no purpose in offering that premium unless it is going to accrue to his advantage in some way.

Commissioner COMMONS. He is trying to get them to get up to 100?

Mr. TOBIN. Yes.

Commissioner COMMONS. But he is also offering them a premium above that to get them above that; that is where they get this 30 per cent.

Mr. TOBIN. That is not the worst of it. Eventually the price at which he does all over 100 is offered as the standard price. Instead of getting the 5 cents for all he did up to 100, after he has developed the fact that he can do more than 100, by reason of the premium system, then he is offered a price of 4 cents; and he has to do the whole amount, over and above the 100, for less than he formerly received. That is the way the premium system works out.

Commissioner COMMONS. He get a less rate?

Mr. TOBIN. Yes.

Commissioner COMMONS. Would there not be, under the premium system, more of an inducement to stop at 100 than there would be under the piece system?

Mr. TOBIN. If he had any sense at all, yes; but most of the workers in that respect are not farsighted.

Commissioner COMMONS. Do they not know the difference between 4 cents and 5 cents?

Mr. TOBIN. Yes; they do, after it comes home to them good and hard.

Commissioner COMMONS. Would they not work for 5 cents more than they would for 4 cents?

Mr. TOBIN. I have not seen that yet. They work for 5 cents, and will do the 100, and after they get the 100 done, they try to do another hundred.

Commissioner COMMONS. No matter what the price?

Mr. TOBIN. At any price over and above the 5.

Commissioner COMMONS. Suppose you put it down to 2 cents, as I said: Five cents up to 100, and then 2 cents.

Mr. TOBIN. You can get any quantity of men to do it, unfortunately.

Commissioner COMMONS. Then you do not see any difference in the intensity of the inducement to speed up beyond that standard day's amount?

Mr. TOBIN. Well, the inducement is there. That is what it is offered for.

Commissioner COMMONS. One other question: Do you see any reason why your collective bargain in the piecework system would not operate just as well under the premium system?

Mr. TOBIN. We would not follow the premium system at all.

Commissioner COMMONS. Well, if you were making piece rates by collective bargaining you could establish a premium rate by collective bargaining, could you not?

Mr. TOBIN. I have never thought of that as a practical thing to do.

Commissioner COMMONS. That has never been put up to you?

Mr. TOBIN. No.

Commissioner COMMONS. Do you see any essential difference between the two, so far as agreeing is concerned?

Mr. TOBIN. It ceases to be a premium system when you apply a flat rate; the premium system, as I understand it, is something over and above what a man may do after he has done his normal day's work, estimated, and that is

Commissioner COMMONS. Well, you could agree on what it should be, whether it should be 2 or 3 instead of 5 cents; you could agree on what should be the task.

Mr. TOBIN. We have to deal with conditions as you find them. If you make a wage to-day on a new operation, it looks like a fair wage to-day, at the speed at which the workmen are producing that thing; we find that in a month from now or six months from now the production is so great that the price is apparently out of joint with the volume of work; that would call for a new adjustment. In other words, the employer is always keeping his eyes open to see what the workmen are making at normal wages, and when that is discovered he immediately raises the question of the price.

Commissioner COMMONS. And then what happens?

Mr. TOBIN. The question of price being raised, negotiations are entered into to settle the price by mutual agreement, and failing to settle the price by mutual agreement it is arbitrated.

Commissioner COMMONS. If you had piece rates reduced by arbitration—have you had those rates reduced by arbitration?

Mr. TOBIN. We have at times; yes. A new operation is very apt to be set at a price that is wrong; the newness of the operation to the workmen, of course, is in evidence, and what seems a big task to-day in a month from now is a very small task. I can remember in my own experience working in the factory, I used to think that if I could trim a hundred pairs of edges in a day I was doing a good day's work. I saw the time later on when I could trim that many from noon up to the time of going to a ball game in the afternoon; in other words, I had done a full day's work after dinner. That gives you an idea of how speed can be developed. And I used to think that 200 pairs was a phenomenal day's work, but I have seen the time when I have done 600 pairs afterwards, and that has resulted from the change in the wages.

Commissioner COMMONS. The point I wanted to get at was the question of readjusting the premium rate; the task is exactly the same, and to be referred to an arbitrator as a problem of reducing the piece rate.

Mr. TOBIN. I have never had any experience with a premium in that way; the premium has been offered by the employer for what is considered, what we consider, an ulterior purpose, and we have never recognized it as a legitimate part of the trade, although the bonus system, as I have described in the particular factory to which I have referred, we have not objected to that because it is paid entirely for the saving of stock.

Commissioner DELANO. I wanted to ask whether there was anything in what you have expressed that is at variance, in your mind, with the principles which Mr. Taylor has laid down. I do not mean the application of those principles, but the principles which he has laid down as expressed this morning?

Mr. TOBIN. Well, I am not going to condemn any system that I do not understand, and I confess that I have not been able to follow these sliding rules, or to follow the claims made by Mr. Taylor and those who speak for him.

Commissioner DELANO. Not in regard to sliding rules or anything of that kind; those are applications of principles. He has laid down certain principles as essential; is there anything in your thought that is at variance with those principles? I am assuming that you were here this morning.

Mr. TOBIN. Yes; I was here this morning. I would not say at this stage that I subscribe to Mr. Taylor's efficiency plan any more than I would subscribe to an efficiency plan of any other man who may be superior to or an imitator of Mr. Taylor.

Commissioner DELANO. There, again, you are talking about the application. I want to get your view on the principle and not on the application.

Commissioner WEINSTOCK. May I suggest, Mr. Delano, that Mr. Taylor's principle, as I understand it, resolves itself down into three factors: (a) Higher earnings for the workmen, (b) shorter hours, (c) better working conditions.

Commissioner DELANO. I think there are certain other principles; one of them is that there shall be cooperation and harmony between the management and the workers. I think this whole subject is misstated and misunderstood quite as much by Mr. Taylor, and a great deal more by the employers than by the employees. I want to get at whether you are at variance with the principle.

Mr. TOBIN. I think the employer is the greatest obstacle to the introduction of a rational efficiency system; the employer busies himself altogether with profits; he does not concern himself about the greater comfort of the workman unless his profit goes with it. I am speaking of the average employer, not of the exceptional one.

Commissioner DELANO. That would be contrary to the principles Mr. Taylor has laid down.

Mr. TOBIN. That would be contrary to what Mr. Taylor claims for the principles, and he has difficulty with the employer in getting those principles into operation, as he describes, very emphatically, and that is one of the things that is going to stand in the way of this efficiency, which is going to solve this question of relations between employer and workman, that the employer is quite as much an obstacle as the employee.

Commissioner DELANO. One of the duties this commission has is to find avenues of cooperation. We have first to find out where the employer and employee differ, and try to find a common ground on which they can meet.

Mr. TOBIN. Let me make this suggestion to the commission, that much time will be saved and greater results will be secured if the principles of collective bargaining can be established, that employers as well as workmen can be brought to understand what is implied and intended by collective bargaining.

Mr. Thompson, I think, endeavored to bring that point out in the questions to Mr. Taylor, in endeavoring to determine what the workmen had to say finally with reference to the plan which was laid out under which he was to work. Any plan that does not take into consideration the worker in his individual and collective capacity and in his right to bargain with his employer upon an equal basis, an absolutely equal basis, will be faulty. No scheme, in my opinion, of promoting industrial peace will be possible unless that principle can be worked out, not in a superficial way, but in such a way as absolutely and completely to recognize that power. The old-fashioned idea of the right of the employer to decide what a workman is worth—it is only a few years ago that employers would take that position—one of the greatest tasks which I have had in my work, which I did not mention at all when I was asked what my duties were as general president, has been to get employers to understand that under our arbitration contract he surrenders the right to determine the individual's wage, or what a man is worth. In the beginning they would set up an argument with me, "I hire a man, and I observe his work and I see his quality and quantity, and I am the best judge as to what that man is worth." And the only way I can combat that line of reasoning is by asking him if he was willing to concede to the employee the same right that he claimed for himself, and he said "Yes."

I said, "Suppose an employee or a collection of employees should say to you that your estimate of their worth is wrong and that they should stop work for the purpose of emphasizing their protest as against your decision as to what they are worth, what would you do?" He said, "Well, then, your union would be violating your contract with me, because you agreed not to strike or to stop work pending an adjustment of any dispute." "That is exactly our obligation to you and we can not maintain our obligation to you as long as you deny the operation of that principle to your workmen. The workman has just as much right to decide what he is worth as you have, no less and no more; and your estimate of the man's worth to you we will take for what it is worth; we are not satisfied with your estimate, and we will put you to the task of proving that you are right." That is the whole sum and substance of collective bargaining.

Commissioner DELANO. I did not understand anything Mr. Taylor said to be contrary to that.

Mr. TOBIN. I am not antagonizing Mr. Taylor's position at all.

Commissioner DELANO. What seemed to be in your mind when you first addressed us was that the machinery in the shoe business was already oversped, and that any scientific study would result in still further speeding it up.

Mr. TOBIN. No; I didn't say that.

Commissioner DELANO. That seemed to be in your mind. If that is not your opinion I want to be sure what it is.

Mr. TOBIN. No; my statement was that there can be no doubt that Mr. Taylor would starve to death in a shoe factory, because his system would be outstripped by the efficiency system already there.

Commissioner DELANO. You are not willing to concede that a scientific study of the business might not prove that the machines were already oversped, and that therefore human endeavor resulted in less output by reason of unscientific methods?

Mr. TOBIN. No; I do not think that would be the case. Mr. Taylor's illustration of overspeeding in a machine shop, and in the cutting of metal with tools, has a direct application, but that would not apply in a shoe factory at all.

Commissioner DELANO. And why is that?

Mr. TOBIN. Well, a sewing machine will stitch shoes with the greatest perfection at its highest speed, more so than at a lower rate of speed. That would not be true in a turning lathe. That would be true in polishing, but not in turning.

Commissioner BALLARD. You were saying that sometimes the workmen, owing to high speed in piecework, were nervous. Do you find that the workmen in a shoe factory have, as a rule, less good health and shorter lives than those in other industries in the same section?

Mr. TOBIN. Yes; I believe that to be true. Of course, that is offset to some extent by reason of the fact that the shoe workers work short hours.

Commissioner BALLARD. About what hours do the shoe workers work?

Mr. TOBIN. Many of the pieceworkers work about 7 or 8 hours, although the 9-hour day is the shortest day we have in the trade.

Commissioner BALLARD. About what wages do they make?

Mr. TOBIN. Well, that is a variable quantity.

Commissioner BALLARD. What are the average wages?

Mr. TOBIN. It would be impossible to make an average wage. I should say that the latter, which is one of the most important branches of the trade, and less subdivided—they earn anything from \$15 to \$25 a week. A Goodyear operator, what we call a hand seamer, will make from \$25 to \$40 a week; a Goodyear stitcher will earn \$20 to \$35 a week. Table girls, doing the very smallest operation in the shoe factory, will make some of them anywhere from \$8 to \$15 a week. Vampers, which is the highest skilled job in the fitting of a shoe in the women's department—and, by the way, there are a good many men employed at that branch of the trade—they will make \$18 to \$30 a week.

Commissioner BALLARD. And they work fairly steady?

Mr. TOBIN. Yes. The shoe trade is divided into two principal seasons. There are a few weeks in between where the work is rather slack.

Commissioner BALLARD. You spoke of collective bargaining and the right of the workmen to be heard in this collective bargaining. Do you feel that some group of employers and some group of employees might agree on some fundamental principles which should obtain in the relations of the unions with the employers? Have you ever felt that there are certain underlying principles which should obtain, that each side should mutually agree that they had a right to? You said that the former manufacturer did not think that the workman had any interest or any right in fixing his own wage.

Mr. TOBIN. Yes.

Commissioner BALLARD. Do you think if any such proposition as that could be mutually agreed to between the contending parties—do you think that would have some effect?

Mr. TOBIN. That is precisely what we have done by our arbitration contracts, and in the earlier stages of the contract the employer was not willing to concede all the things that the contract stands for.

Commissioner BALLARD. You think if some fundamental things could be agreed on there would be an advantage?

Mr. TOBIN. These are now pretty well established. The employer has begun to see that they work out as we understood it. In the first place, the employer making this contract possibly made it with a view of eliminating labor troubles, and sought to take to himself certain privileges which he was not willing to concede to the other side. Our contract was drawn in such a way as to impose mutual obligations, and we had our method of interpreting the contract, and it took us some time to get the employers generally to agree that we had the right interpretation of it. That we have now well established; the same contract, practically, but a better understanding of the relations between employer and workmen.

Commissioner BALLARD. You do not refuse to use nonunion-made materials or nonunion-made tools, do you?

Mr. TOBIN. The question sometimes arises, but it is not a serious question to-day.

Commissioner BALLARD. It is probably more serious with the employer?

Mr. TOBIN. We sometimes use nonunion leather; and sometimes the machinists want us to insist that we shall employ union machinists in the factory. We tell the machinists we are willing to cooperate with them in that direction, and ask them to see that the machinists who are members of the union do not work in nonunion factories. We have endeavored to cooperate in that way.

Commissioner O'CONNELL. Do the styles change with the seasons?

Mr. TOBIN. Yes. A manufacturer gets out a new style as a leader, and if it takes he gets the bulk of the business that year, or that season; the next season that style is generally followed in the shoe trade.

Commissioner O'CONNELL. Do the prices on the shoes vary with the styles, or does not that make any difference?

Mr. TOBIN. The price of making it?

Commissioner O'CONNELL. The prices for making.

Mr. TOBIN. Well, some prices will. The prices of cutting will. If they were cut by the piece, but not by the day; it is a question as to the number of pairs they are required to cut.

Commissioner O'CONNELL. That is one of the reasons why the standard rules would not apply?

Mr. TOBIN. No; the sliding rule would not apply to those cases at all.

Commissioner O'CONNELL. There would be changes; there would have to be changes now and then?

Mr. TOBIN. Yes.

Commissioner O'CONNELL. That is, 6 and 6 would not always make 12?

Mr. TOBIN. No.

Commissioner O'CONNELL. It would make 13, sometimes?

Mr. TOBIN. Yes.

Commissioner O'CONNELL. You consider it bargaining if, as Mr. Taylor said, one of his men went into the shop and said "We are going to try something new with you, and we want you to cooperate with us." Do you call that cooperation, bargaining in that sense?

Mr. TOBIN. That would be individual bargaining, which we would not consider in harmony with our contract.

Commissioner O'CONNELL. That would not be a contractual relation with the employers?

Mr. TOBIN. No; a proposition of that kind in a shoe factory would be equivalent to offering a man a bonus for making himself a pacemaker; we have plenty of pacemakers; we do not need to hire them especially.

The CHAIRMAN. Mr. Barnett, do you want to ask Mr. Tobin any questions?

Mr. BARNETT. No.

Commissioner WEINSTOCK. Is there any tendency on the part of the unions in the shoe trade to limit the output of the individual?

Mr. TOBIN. Absolutely none.

Commissioner WEINSTOCK. Each man has full and free play?

Mr. TOBIN. Well, circumscribed only by the fact that the owners determine how many pairs he will make in his factory each day. We have a sheet system, and so many pairs go in each day, and there are so many workmen, and the theory is to divide it equally between the workmen.

Commissioner WEINSTOCK. There is no scheme of limitation?

Mr. TOBIN. No; I wish there were; there is absolutely none at all; the very sky is the limit, and perhaps more.

Commissioner WEINSTOCK. Under the system you are operating, the contract system and your arbitration tribunal to adjust disputed prices, what has been the degree of industrial peace in the trade in the last five years as compared with the degree of industrial peace that existed in the preceding five years?

Mr. TOBIN. It has been something marvelous. I might say that in the fiscal year ended May 31, 1909, our total expenditure for that year for strike benefits was \$100,000.

Commissioner WEINSTOCK. In 1909?

Mr. TOBIN. Yes; and the next following year it was \$28,000; and last year it was \$8,000.

Commissioner WEINSTOCK. It fluctuates?

Mr. TOBIN. It fluctuates, and the tendency is under these contracts we have to eliminate the strike altogether.

Commissioner WEINSTOCK. The tendency is that way?

Mr. TOBIN. Yes; we have not a single strike under our jurisdiction now.

Commissioner WEINSTOCK. Looking ahead for the next five years what do you forecast is likely to be the condition of industrial peace?

Mr. TOBIN. I think that it is going to be greater than at any time in the past; there is every evidence of that.

Commissioner WEINSTOCK. That is, the degree of industrial peace will be higher?

Mr. TOBIN. Yes.

Commissioner WEINSTOCK. And strikes will be fewer?

Mr. TOBIN. Yes; we have very few strikes in our trade, and I attribute that largely to the fact that we approach the wage question in an open way, and each side is very free to present arguments for either side.

Commissioner WEINSTOCK. You then believe that the so-called missing link between capital and labor lies in both sides being thoroughly organized, and in the establishment of trade agreements?

Mr. TOBIN. Yes; I think that is a very long step in that direction; I do not say that is going to be a millenium, but it is the best present-day method that I know of.

Commissioner WEINSTOCK. By mutual organization and trade agreements?

Mr. TOBIN. Yes; and mutual recognition without any reservation at all on the part of the employer as to the right of the workman, and the limitation of

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the employer's attitude generally of believing that the working man is too ignorant to negotiate prices. That is the mental attitude of some employers and we have had an awful time to get them away from that, but we are gradually getting them away from that idea. I find that the employer is not any better mentally, not any better able to deal with the question of wages and conditions of labor than the workingman, notwithstanding his superior opportunities.

Commissioner WEINSTOCK. Is the worker really a closer student of these economic phases?

Mr. TOBIN. The worker is a closer student, and man for man, can outstrip the employers in stating the logical reasons of their position.

Commissioner WEINSTOCK. One question in regard to the figures which you named. You said \$90 and \$100. I think you meant \$100,000, did you not, when you came down to later years?

Mr. TOBIN. No; I meant \$100.

Commissioner WEINSTOCK. You said the next thing was \$60 and the next \$80, and I thought you were coming along down.

Mr. TOBIN. No; I just mentioned that year because it was a phenomenal year, while our sick and death benefits average about \$90,000 a year for the 10 years.

TESTIMONY OF MR. HARRINGTON EMERSON.

Mr. THOMPSON. Mr. Emerson has prepared, as I understand, a statement of his system, which has been presented to the commission. I would like to have the commission understand that this is to become a part of the record, and if that is proper, I should like to have it so ordered.

The CHAIRMAN. I was going to make that suggestion. I was going to acknowledge this very well-gotten-up statement, which I understood to be his testimony for this hearing, and it will be made a part of our record just as though it had all been testified to upon the witness stand.

You have heard this discussion by Messrs. Taylor and Tobin, and if there are any points not covered in the statement originally submitted by you, will you be kind enough to give us anything that will throw further light upon the matter?

Mr. THOMPSON. I should like to make this suggestion for the purpose of the record here: As it may not appear in the statement he has prepared, I should like to have the witness requested to give his name and address and business and the length of time he has been in that business. I should like to have him make just a brief statement.

The CHAIRMAN. You may ask the questions to elicit that.

Mr. THOMPSON. Will you kindly give your name and address and your business?

Mr. EMERSON. Harrington Emerson. I have assumed the title of standard of practice and efficiency engineer.

Mr. THOMPSON. How long have you been engaged in that work?

Mr. EMERSON. On and off for the last 40 years.

Mr. THOMPSON. You maintain an office for the purpose of carrying out that work?

Mr. EMERSON. I do; in New York.

Mr. THOMPSON. Do you employ assistants for that work?

Mr. EMERSON. I have between 30 and 40 assistants.

Mr. THOMPSON. Do you apply that system in the establishments of your clients, upon compensation?

Mr. EMERSON. We have no system. What we attempt to do is to apply certain principles. We are willing to adopt any method, any device, if it is advantageous, but we have no such system.

Mr. THOMPSON. You apply that upon the request of clients of your office? You apply those principles in their establishments?

Mr. EMERSON. Yes. The client generally comes to us and wants to know what we can do, and then we have a long task in persuading him to consider principles. Our difficulty is always with the managers.

Mr. THOMPSON. How long have you maintained your office in New York City?

Mr. EMERSON. Since 1907.

Mr. THOMPSON. I do not know, Mr. Emerson, whether your book states the number of places in which you have put into operation a system or the principles in operation. If not, will you state, as it comes to you, about where your principles have been put in operation and when?

Mr. EMERSON. We have been consulted by about 200 different firms, and a consultation sometimes extends very far down into their management, and sometimes it is limited to conference with the heads of the firm. The work has been put into a number of different plants rather thoroughly. In no single plant has it been put in absolutely as we would like to see it, from beginning to end, but so far as our advice or the application of our principles is concerned, it has run from very little down to very intense application of what we believe to be the proper principles. All together, perhaps we have advised clients who employed over 200,000 men on the whole, and our work has been applied to nearly 50,000 men, more or less, to a greater or less degree.

Mr. THOMPSON. Could you furnish this commission at some time with a list of those places, and would you be willing to do so?

Mr. EMERSON. Very often our clients object very much to having it known that they have needed any doctor. There are others who are perfectly willing to have that information furnished. As to those I would have no objection whatever to furnishing it, and as to the others it is more or less a confidential relation.

Mr. THOMPSON. We will be pleased to have those who are willing to have you furnish it, and we will make the information so furnished a part of the record in this case.

Mr. EMERSON. Yes.

Mr. THOMPSON. Will you kindly answer the question which the chairman asked you in the beginning, if you remember it?

The CHAIRMAN. What I asked Mr. Emerson was whether there were any points not mentioned in his written statement which he thought might throw light upon the question of efficiency as applied to labor.

Mr. EMERSON. I do not know that there is any question of that kind. It has seemed to me this afternoon that on both sides the subject was perhaps not understood, or there seemed to be misconceptions as to what the aims were.

Let us take up the matter of the determination of the standard. That was one of the matters that was discussed by Mr. Taylor. We feel that the test of a standard lies ultimately absolutely with the worker. If a worker attains a standard without overspeeding and without undue strenuousness, that in itself justifies the standard. There is no penalty whatever imposed on a man who does not attain the standard.

Under the method that I prefer, the man is always guaranteed his day wages. That is fundamental, irrespective of what he accomplishes. The mere fact that he comes and offers his time entitles him to his wage. I consider the management always responsible for anything that goes wrong in a plant. I have never considered the worker responsible. If the worker is not furnished the work, it is the fault of the management, and he should not be made to suffer. That is the reason I am absolutely, wholly opposed to piecework. I always have been, for the last 10 years. Ten years ago I denounced piece rates, and I have constantly worked and written and struggled against piece rates ever since. Piece rates impose responsibility on the worker, and the worker has only small authority. The responsibility of what is going on rests with the management to an extent of 90 per cent.

Under the method I use, we therefore pay a fixed day rate. That rate is properly subject to bargaining, either individual or collective.

The second principle we use as to payment is that there shall be a determined equivalent for a day's work, and that equivalent should be determined by a scientific expert, neither by the management nor by the worker, and yet it should be accepted by both before it becomes valid. As you have it now, there are the two fixed principles of a fixed rate of pay per day, and the equivalent for that rate. In other words, a bushel consists of 60 pounds. You have a definite equivalent for what the day rate is.

Now, men vary very much in their abilities, in their speed, and under our plan there are many men who attain what we would call 80 per cent efficiency, and there are other men who attain 120 per cent efficiency. Instead of their all attaining exactly 100, they vary. We would expect, as a test of our standard, that there should be some few men as low as 80 per cent, and that there would be some few men as high as 120 per cent; that is, the bulk of the men would rank somewhere between 90 and 110 per cent. We feel that the man who has it in him to deliver 120 per cent should receive an individual reward on account of that. We should not, by any possibility, dispense with the man who attains 80 per cent, because it is absolutely his right to stay on the 80 per cent level. I would even go further; I would allow the man who has 120 per cent ability

to shorten his hours, if he saw fit. He could work 8 hours a day instead of working 10 hours. That would be at his option. The determination of the standard is, of course, the basis of the fairness of the relations between the employer and the employee. As a rough check on a standard, we make it one-half of what a man can attain by a stunt record, that we call 100 per cent. To illustrate what I mean by that, the athletic record for walking is 8 miles in an hour. That is the world's record for walking. We would set 4 miles an hour as a good, stiff performance, and if a man walks more than that he would be paid accordingly. We would not think of discharging a man who walks as little as 2½ miles an hour.

Now, if a man feels for any reason that he is not treated fairly, if we should attempt in any way to cut the standard, we would suffer far more than the man, because if he dropped back from 100 per cent to 80 per cent, still earning his day rate, the loss to the manager would be far greater than the loss to the workman, so that that stands absolutely as a barrier against any cut in the standard. Moreover, what we do is to check up the actual performances under the standards through a long course of time, as has been done by different men on different occasions, and if we do find that a performance the standard of which has been six and seven-tenths hours a day regularly takes six and nine-tenths hours, we come to the conclusion that that standard was too severe, and that it ought to be ameliorated, that it ought to be changed, that it ought to be made easier. The one intention is that the standard shall be fair, and when that is understood by both employer and employee—and I have had just as much trouble getting the employer to understand the point of view as the employee—when that relation is established there is very little difficulty in changing the standard one way or the other, in order to be fair.

I remember a worker that came to my brother; we had established a standard of three and seven-eighths hours for a machine-shop operation, and he said to him, "The first time I did that it took me three and six-tenths hours, and the next time I did it it took me three and four-tenths hours. The standard is too easy; it is not a proper standard." My brother said to him, "You are acting as a leader for a number of men. You are carrying out other work for them, and you are checking it up, and that takes considerable time for which we have not been able to allow you, and that is the reason we allowed you more time on this particular operation, in order to compensate you for this extra time."

"Well," he said, "if that is the reason and you understand fully why you did it, and that it is a short time, I am willing to accept it, but not otherwise." That is the kind of a spirit, and the only spirit, on which one can build up proper relations in the shop.

We would have no objection whatever to submitting any changes of standards, just as we submit the original standards to the employer; we would also be perfectly willing to submit them to the employee; and we would be perfectly willing to have men from the employees who are qualified to pass on any changes of standard, feeling absolutely certain that substantial justice would be done. I would make a reservation of a veto on behalf of the employer, for the sole reason that I would fear that the standards set by the employer would be too severe. That has been our experience. Nobody ever feels any pity for any man or any person in his own position in life. He feels pity for people in other positions of life, but not for people in his own position. A man feels sorry for a woman or for a child or for an old man. A woman feels sorry for a child or for a man, but not for another woman. A man of my age may feel sorry for a woman or for a child or for a very old man. My father had no pity whatever for an old man he saw selling lead pencils on the street. I did feel sorry for him. I have no pity for a man of my own age who is down and out. He has no business to be. In the same way a workman who is an efficient worker has very little charity for the man who is inefficient and there is need there for a power of veto to prevent the standards from being too severe. That has been my experience.

As to wages I feel absolutely certain that the law of progress depends on the fact that value increases faster than cost and therefore the endeavor should always be to secure the highest paid man that it is possible to get; that what is coming is that there will be a rivalry and competition for the high-priced man rather than for the low-priced man. I would be perfectly willing in any plant to accept a wage rate of \$5 a day and make the costs lower in that plant than on any less sum than that that you could mention. I would beat out

the man and would feel confident that I would beat out the man who was paying \$4 a day or \$3 a day or \$2 a day.

Now of course there is a limit. I believe that the man should receive increasing wages for better conditions just as long as the unit price goes down, and no longer, because if you increase the wages when the unit price is going up, you are violating that other fundamental law, that with our increased power over the resources of the universe, costs are coming down. We are getting more than we formerly got. Therefore I give the worker increasing remuneration up to the point of increasing cost, and at that point I stop. I give the public a lower price, just as long as the volume of the product it buys enables me to make a lower cost, and no further. That is the way that I apportion the difference between cost and selling price.

One word more: I might say that we apply principles to the whole matter from the top of the organization down to the last detail. The principles of organization are very old. They were known in the days of Egypt, and they are not practiced in this country. They are unknown, or practically unknown. There is only one organization in the whole world that is standardized; that is, where you can take a man and change him from any one country over to another country, and he finds himself, and that is the organization of the navies of the world. Take a captain from a battleship and transfer him to a Turkish ship or a Chinese ship or a Japanese ship or an English ship, and he finds himself at once, and in no other line do you find any such thing as a standard organization. I have been in 200 industrial plants, and no two of them are alike in any respect. They get up beautiful little charts as to how they are organized, and there is the president on top—and I always put him at the bottom—what the functions of the general manager are, and the fundamentals of organization are absolutely neglected. They are not brought out at all. In fact, there are principles of organization, there are principles of employment, there are principles of adapting men to their work before they start out, and there are principles that apply to operation; and when we apply those principles we automatically eliminate inefficiencies. We simply automatically screen them out. I do not know but what I would like to submit, as a part of the record, an analysis of each member of this commission.

The CHAIRMAN. Surely.

Mr. EMERSON. I have seen only one or two of them before to-day, and I am perfectly willing to submit here as a part of the record an analysis of the qualities belonging to each member of the commission.

Commissioner WEINSTOCK. Some of us may not care to see ourselves as others see us.

Mr. EMERSON. One of the principles of correct management is not to offend.

Mr. THOMPSON. Is that all, Mr. Emerson?

Mr. EMERSON. Yes.

Mr. THOMPSON. I would like to ask you one or two questions. You stated, in your direct statement, that neither the employer nor the employee should have the right to settle the standard, but that that voice should be left to an expert. What objection, if any, is there to the employees taking part in the selection of such expert? Assume a case where a system was already in vogue, or a new case, whichever serves you the best.

Mr. EMERSON. I would have exactly the same objection to the employee selecting the expert that I would have to the employer selecting the expert. Generally neither of them is competent to do it. Unfortunately, as matters are now organized, the employer generally has a feeble chirp in the matter, and he goes out and he may make a wise selection or he may make a poor selection.

Mr. THOMPSON. This expert, as a matter of fact, serves practically as an umpire between the two, does he not?

Mr. EMERSON. He should, absolutely.

Mr. THOMPSON. Then would there be any objection, after such a system as you have established in a factory or a shop, to a collective bargain between the employer or employee that would permit them jointly to select some person of proper fitness—I mean an expert person—to act as mediator between them for the purpose of adjusting any changes—

Mr. EMERSON. It would be an exceedingly desirable thing, I should think, if that could be done. I would say that the opinion which the expert renders is not obligatory upon either the employer or employee.

Mr. THOMPSON. That is all I wanted to ask.

The CHAIRMAN. Mr. Garretson, do you desire to ask any questions?

Commissioner GARRETSON. Yes. Are you conducting philanthropic or a business enterprise, Mr. Emerson?

Mr. EMERSON. Sometimes I think I am conducting a philanthropic enterprise, but, nevertheless, I have been fairly successful in business.

Commissioner GARRETSON. It has a business end to it?

Mr. EMERSON. It has. It is an art, a profession, and a business.

Commissioner GARRETSON. I think you went a little further, if I understood you correctly, with the statement that Mr. Thompson referred to, that while the expert who was chosen would have the determining voice, it did not become, from your standpoint, applicable until it was accepted by both the employer and employee. Did I understand you correctly?

Mr. EMERSON. I would like to see that.

Commissioner GARRETSON. I think you went a little further, if I understood you, but I want to make it certain—is there anything—well, you repudiated the word "system" at one stage of the proceedings, but it is the best thing I know to describe the methods that you advocate—is there anything in the system which you advocate that is not in anywise reconcilable with a full practice of collective bargaining from your standpoint?

Mr. EMERSON. No; I know of nothing that would make it antagonistic to collective bargaining.

Commissioner GARRETSON. It may be carried forward, disposing in that manner of all questions of wage or conditions of service that were conformable to the standards you had set up?

Mr. EMERSON. My plan, yes, would be perfectly reconcilable.

Let me say, perhaps, that the wage methods that I think I have proved desirable were based on and modified from the methods of the Locomotive Brotherhood of Engineers; the different principles that they have advocated there and have used very largely in their contracts are those that I have studied and adopted as the basis of our method.

Now, as I said before, there is no obligation whatever on the employee to attain any standard that is set. There is, therefore, no injustice whatever done him in setting an abnormally high standard. Sometimes, when we wish to get work done in a hurry, where it is necessary to work very rapidly, we set standards that are unduly high; that we know are probably not attainable. We have guaranteed the day rate, the man gets just the same that he did before; he is under no obligation to work any faster than he sees fit, because there is no penalty imposed, unless he is so very derelict that he ought not to stay in any case—not able to do, say, more than two-thirds of a day's work; although in a plant where we employed 11,000 men, or 12,000 men, I never asked for the discharge of any employee or any foreman whatever. It was my pride to be able to bring up their efficiency without discharging anybody. So that, assuming that we should put in standards that were unreasonably high, we simply find that our men do not attain them; that there is not sufficient incentive, if they are too high. While it would be a very slipshod way of doing, and is not the way, by any means, that we usually pursue, we could successively lower those standards until we had found that they were working as a proper stimulus, and in that way be the guide to the method we would have to attain as a practical standard; but there would be absolutely no injustice to any worker in our setting a standard of 8 miles an hour, because as long as the man could earn his day's wages by walking 2½ miles an hour, it does not hurt him at all to have that imaginary standard set up.

Commissioner GARRETSON. Just one question further: In places where your methods have been put in vogue, I suppose after a time the personal connection of your establishment ceases with a place?

Mr. EMERSON. Yes.

Commissioner GARRETSON. Have you ever noticed that after your connection had ceased, there were, assuming for the moment that the 100 per cent man—I suppose 100 per cent represents the standard daily wage?

Mr. EMERSON. No. We pay 20 per cent more than the daily wage for 100 per cent.

Commissioner GARRETSON. Then 88 is—

Mr. EMERSON. Sixty-six.

Commissioner GARRETSON. If a man fails continuously to develop the capacity that is equivalent to whatever you establish as the daily wage, then have you seen that to act to eliminate that man from the service?

Mr. EMERSON. I would strongly advise eliminating from the service a man that does not attain 66 per cent of a reasonable standard, as he is not fit for

his job. When I say "eliminate him from the service," that same man may prove very admirable in some other place; but certainly a man that can not attain 86 per cent of a reasonable day's work is not fit in the place where he is.

Commissioner GARRETSON. All I wanted was to know what the practical working out of it had been in that direction; because the feeling of the men toward it, of course, would depend upon that practical result.

Mr. EMERSON. As a matter of fact, in certain places—not in this big plant of which I spoke, but in others—we have eliminated men, finally discharged them, who did not attain 33 per cent, but when a man was as high as 50 per cent we thought he was a good, promising prospect to bring up to 100 per cent.

Commissioner GARRETSON. That is all, Mr. Chairman.

Mr. EMERSON. Might I say one word more?

The CHAIRMAN. Could you not do it just as well after the members of the commission have finished asking you questions?

Mr. EMERSON. Certainly.

The CHAIRMAN. Very well; please do that.

Commissioner WEINSTOCK. Would you discriminate, Mr. Emerson, in the wage between the 80 per cent efficient man and the 100 per cent efficient man and the 120 per cent efficient man?

Mr. EMERSON. We believe in the classification of men. We believe that certain men ought to belong in class A, that might be 15 cents an hour, and other men in class B, 20 cents an hour, and other men in class C, 25 cents an hour; so that there are a number of different classes of men. And you might have a man that was 80 per cent efficient in any class.

Commissioner WEINSTOCK. Take the man in class A; you can subdivide those men so that one of them has proven to be 80 per cent efficient and another 100 per cent efficient, and the third 120 per cent efficient. Would you discriminate in the wage of these three men in the same class?

Mr. EMERSON. The men that are 80 per cent efficient receive the same bonus; those that are 100 per cent efficient receive more, and those that are 120 per cent receive still more.

Commissioner WEINSTOCK. You believe in the bonus system, then?

Mr. EMERSON. Absolutely.

Commissioner WEINSTOCK. You equalize the difference in efficiency by bonuses?

Mr. EMERSON. Yes. Let me say what that bonus system is. We believe in paying a man who is 100 per cent efficient 20 per cent bonus. If he attains any more than 100 per cent, which many of them do, a great many of them do, we give him all the time he saves at his full regular rate of pay, and we pay, in addition, 20 per cent for the time he works.

Commissioner WEINSTOCK. Where does the employer come in? Where do you get any benefit, if you give him all?

Mr. EMERSON. All the time he saves at his regular wages, and 20 per cent of the time he works.

Commissioner WEINSTOCK. I do not grasp that.

Commissioner GARRETSON. Let me ask a question right there that I think will bring it out. Under that system an employer would get exactly the same profit on this time that he did on the preceding time, would he not—or would he?

Mr. EMERSON. The profit to the employer, just as much as the profit to the worker, is enormous. The worker may increase his profit above his daily expenses as much as 800 or 900 per cent. So may the employer increase his profit very largely. The profit to the employer lies firstly in the fact that his overhead expense goes down tremendously, because if the overhead is 100 per cent, and this work is done in two-thirds of the time, he has reduced his overhead expenses one-third also; so that that would be one direct and very great gain to him in bringing down the cost per unit; and then he has more units to sell.

We regard the whole plant as a single machine, and we ask ourselves, how much can we get out of this big machine per hour? That is the thing that counts; and if you can get 100 pieces per hour, it is very much better than if you only can get 50. There is more all round.

Commissioner GARRETSON. And the bonus on the 110 comes in the employer's profit on the added 10?

Mr. EMERSON. That bonus comes in the added profit. The man's bonus comes in the fact that he is getting all the time that he saves at his regular rate—not

at his bonus rate, but at his regular rate, so that the cost per piece is going down all the time.

Commissioner WEINSTOCK. Do you believe in the time-watch system in determining how much time it should take to do a certain piece of work?

Mr. EMERSON. I believe in every instrument of precision you can use in determining the standard. It is the basis of everything, and there is no method that I would not believe in using—thermometer, barometer—we have used hygrometers and instruments to show in what direction the wind is coming, and everything else.

Commissioner WEINSTOCK. So that the stop watch is a part of your apparatus?

Mr. EMERSON. I have been willing at any time to use the stop watch, and with the full knowledge and consent of the men.

Commissioner WEINSTOCK. Do you agree with those representatives of labor who contend that the stop-watch system will not bring about a spirit of cooperation between the worker and the employer?

Mr. EMERSON. We never found it so, and we have worked with thousands of men.

Commissioner WEINSTOCK. You have found, then, that intelligent workers as a rule do not resent the stop-watch system?

Mr. EMERSON. Not when it is properly explained to them. Our object in using the stop watch and in making the time study is to find out what the troubles are that are preventing the poor workman from doing what he ought to do. Those troubles with the time are up to the management, and what he should do is to cooperate in finding where the loss is. Where he thinks that we want to speed him up naturally he objects, and I would not blame him; but where he once understands what we are trying to find out is why the work does not come forward, or why the power is shut off, or why he has poor tools, and things like that his spirit changes.

Commissioner WEINSTOCK. Representatives of organized labor have testified before this commission that they are in favor of giving the worker a higher wage for his increased effort, but that they are opposed to the employer giving him a bonus for increased effort. Do you think that that distinction is warranted on the part of organized labor?

Mr. EMERSON. It is not a distinction that lies in my mind. A bonus is merely a means of trying to grade wages as they ought to be graded. That is all it is. I would be perfectly willing to translate the bonus into a permanently higher wage; for instance, instead of giving a man 20 per cent bonus, if he was regularly 100 per cent efficient, I would see no reason at all for not giving him 20 per cent higher wage rate. It might work out just as well.

Commissioner WEINSTOCK. But would it? Because the worker might raise his efficiency until he got the bonus translated into wages, and, having once gotten it translated into wages, he would drop his efficiency.

Mr. EMERSON. Then I would drop his wages.

Commissioner WEINSTOCK. Then you would have a row on your hands.

Mr. EMERSON. Well, I do not know that I would.

Commissioner WEINSTOCK. The bonus on the one hand is adjustable?

Mr. EMERSON. Certainly.

Commissioner WEINSTOCK. Where the wage becomes as a rule fixed?

Mr. EMERSON. I would not allow that; I have the classification the man would pass from. I would always pass a man into a higher classification on account of length of service, irrespective of any efficiency whatever.

Commissioner WEINSTOCK. Contention has been made also that where the bonus or piecework system or premium system maintains, sooner or later the rate is cut when the output becomes, in the opinion of the employer, abnormally large; has that been your experience?

Mr. EMERSON. I issued a pamphlet at one time, 10,000 copies, to a number of workers, and immediately took up that point. I said "If you attain efficiency, what is to prevent the employer from cutting the rate? Nothing, except self-interest and common sense, because the moment he attempts to cut the rate you can retaliate, and I advise you to retaliate, and it will hurt him far more than it will you," and I have never had a case of the rate being lowered where we have put in our method.

Commissioner WEINSTOCK. It is further contended that any system of piecework or bonus offerings or premium offerings puts a premium upon slighting the work; that you get quantity at the expense of quality.

Mr. EMERSON. I have found that the character was not changed by the method of pay. We find that men that slight their work under the day system will also slight their work under the bonus system, and a man who is conscientious under the day system will remain conscientious under the bonus system. I never saw any connection between the character of the man and the method of pay, and, as a rule, seeing that you are employing better men, the quality almost universally rises.

Commissioner WEINSTOCK. Is it not true that all of us practically are more or less creatures of our environment and creatures of temptation, and when temptation is offered us and we are a little weak we fall when we otherwise would remain standing, and that this bonus or premium system is in the nature of a temptation to the weaker man.

Mr. EMERSON. Liars will lie even if there is no excuse for them, and other men will tell the truth even though it is to their own harm. We found that we were able to build up such a spirit in the shop, and we did not find any difficulty in that way. I do not think that there is a difficulty. That is all I can say; practically it is not a difficulty, in my experience.

Commissioner COMMONS. I want to ask a question as to your method of computing the bonus. Could you tell us how actually you computed, for a blacksmith or a machinist, the making of the time study and the bonus?

Mr. EMERSON. You mean how we determine the standard?

Commissioner COMMONS. How you determine the standard, and how you determine the amount of bonus that shall go for that work; what units of time you take. If you could just go through the process by which you determine it, that is what I want to get at.

Mr. EMERSON. The bonus must be enough to attract, to act as an incentive on the man to do well. It must be enough for that purpose. Any bonus that is not sufficient for that purpose is too small a bonus. Any bonus that overshoots the mark and gives the man more than a reasonable incentive would be harmful, because it would put up to him the incentive of overwork, which we wish to avoid just as much as the inclination to underwork.

We have not found it convenient to pay the same bonus for a standard—20 per cent of what we call standard, but the standard can be varied to suit the conditions, so that we would have a harder standard in one line of work than we would in another, the standard would be much more easily attained in certain lines of more difficult work; therefore a man, if he works very hard, like a blacksmith, where he has to stand up in front of a hot fire and hammer very hard on the iron and keep his heats going along, he would be able to earn very much more—I mean he would be able to realize very much more than 100 per cent. Men of that kind might very easily realize 150, 160, and 180 per cent on which he would then receive a standard bonus of 20 per cent in addition.

Now, the bonus itself, as I have said, would pay the man 1 per cent; if it was 101, he would get 110; if it was 102, he would get 122; and if it was 110, he would get 130; and 120, he would get 140 per cent bonus, and so on. That makes it very easy to calculate. It happened by accident that it came out that way. The basis we took was this: We pay the man for all the time he saves above 20 per cent; 20 per cent because he did the standard work for the time he worked; that is our moral basis. The other is the computing basis, but they are the same; they work out just the same.

Commissioner COMMONS. Suppose you find, for example, that in a certain operation for a blacksmith that the time set, we will say, comes out one way—I am starting off on an illustration that you can follow? How much would you add to that for computing the standard of efficiency? Have you during the time studies actually brought it out to one hour? Do I understand there would be 20 per cent of that added?

Mr. EMERSON. No; oh, no.

Commissioner COMMONS. What do you add?

Mr. EMERSON. Oh, no. We might find that that blacksmith had only taken one hour to do that work, and we might give him a standard of two hours, if it was reasonable.

Commissioner COMMONS. That is, you would multiply it by two?

Mr. EMERSON. We might in that particular case.

Commissioner COMMONS. In that case how do you decide that? Is it based on multitude of experience?

Mr. EMERSON. Yes; absolutely.

In that particular case, if the work was very hard and the man had to have rest in between, and he could not reasonably do more than five pieces in a day, and anybody would know that five pieces was a reasonable work, even if he had done it in an hour, that would be no reason for making the standard one hour; we would set the standard at two hours.

Commissioner COMMONS. Even if he had done it in those two hours, he would get the ordinary time rate?

Mr. EMERSON. He would get two hours' wages.

Commissioner COMMONS. He would get two hours' wages?

Mr. EMERSON. And he would get 20 per cent on top of that.

Commissioner COMMONS. Twenty per cent in addition?

Mr. EMERSON. Yes; supposing he did it in one hour.

Commissioner COMMONS. That is getting it down one hour?

Mr. EMERSON. Supposing he had done that?

Commissioner COMMONS. Yes.

Mr. EMERSON. He would receive wages for that one hour and he would receive the hour that he had saved, full wages for the hour that he had saved; therefore he would receive two hours' wages, and he would receive 20 per cent for the hour that he had actually worked.

Commissioner COMMONS. He would get 220 per cent of the day rate, the ordinary rate for that hour?

Mr. EMERSON. Yes; that is what he would get.

Commissioner COMMONS. In the case of a machinist, you would not add another hour probably?

Mr. EMERSON. Probably not.

Commissioner COMMONS. You would add a half an hour?

Mr. EMERSON. It would depend a lot on what the situation was; that is absolutely a question. The determination of a schedule is the most difficult thing there is, because it must be absolutely fair, and all the knowledge you can possibly bring to bear on it, and all the experience is necessary in order to determine a fair schedule. Now, it is the fairness of the schedule that counts. We have taken men, taken a machinist, that has come to us, and we have said "Are you willing to work for \$3 a day?" "Yes; I am." "Very well, now that settles that point. Now, here is this work here. How long is it going to take you to do that work? How long will it take you yourself to do it?" He says "I don't know." "Well, let's try it," and he does it in 24 minutes. "Well," we say, "we will try it over again and see what you can do," and he does it in 18 minutes. Now we said to him, "We are going to give you a time of 30 minutes on that work. Can you turn out 20 a day, one every half hour in the day of 10 hours; can you do that? Would you be willing to do that, or do you think you can do it without undue fatigue," and he says, "Well, you saw me turn it out in 24 minutes, and you saw me turn it out in 18 minutes." "Yes; I know that, but can you turn one out every half an hour?" "Surely I could." "Very well, if you can do that we will pay you \$3.60 instead of \$3." Now, he is sure of his \$3 in any case, if he only turns out two, and if he comes to us at the end of a certain number of days and says, "I can't keep at that 20, it is too hard, I find I can not stand it," we would immediately reconsider it.

Commissioner COMMONS. Well, it is figured out then on each day's work, is it, or how is it computed, the bonus? Do you average it up for any period of time, or how do you conduct it?

Mr. EMERSON. We conduct it exactly as a deposit and checking system is conducted in a bank. We give the man credit for all the hours that he has delivered, and we charge him with all the money that we have paid him in the month. Now, if he has actually been present 250 hours and he has delivered 250 hours standard work his efficiency is 100. If, on the other hand, he has delivered only 200 hours standard work and he was present 250 hours and we have paid him for 250 hours his efficiency is only 80 per cent, and he would receive about 4 per cent bonus instead of receiving 20 per cent. If he delivers only 160 hours and had been present and received pay for 250 hours, his efficiency would only be 66 per cent and he would receive no bonus, but he would receive pay for his 160 hours.

Commissioner COMMONS. Do you usually figure it out on a monthly basis?

Mr. EMERSON. On the pay-roll basis. If it is a week, it is a weekly basis; if it is two weeks, it is two weeks; if it is a month, it is a monthly basis. We never apply it to the individual job, because we do not want a man to speed on an individual job. We want the average of his work.

I have one example of a man who has been working eight years. I know every job that he did during that time exactly at the standard time and the average time he has taken at each job in the eight years, and he has averaged consistently throughout that time 110 per cent. He was 53 years old when he started in. There is a man you might as well give an increased wage to as to give him a per cent.

Commissioner GARRETSON. Where is Dr. Osler?

Mr. EMERSON. I really do not know.

Commissioner BALLARD. I understand the tendency of this is to make the men speed up and perhaps have a desire to have increased output, and as the result of that perhaps to turn out some work which might not be as well done and which might, to the next man on further down the line, cause more delay than he gave good to the firm. Have you any evidence of that at all?

Mr. EMERSON. Yes. We had a man who was a riveter and a man who was a fitter. The man who fitted for the riveter was to receive a bonus on the amount of work he fitted. The poor riveter found that the work was so poorly fitted that he could not drive the rivets. So we suddenly turned around and paid the fitter the bonus on the work the riveter accomplished, and thus changed his whole viewpoint as to the fitting of the work, and after that we had no trouble whatever with poorly fitted work for the riveter.

Commissioner BALLARD. Is it possible the speeding up has indicated the men are unable to continuously perform? Does it appear to affect their health at all or have any suggestions ever been made to show whether the men, by this speeding up, were injured physically?

Mr. EMERSON. As I said, I gave you this example of this man 53 years old when he started in 8 or 10 years ago, and I saw him last year, and he was still on the same schedule of work, and very well.

I want to say my own impression is that everyone of us needs speeding up. The greatest wealth in the world is in our latent power, and most of us are tremendously inefficient, and we are tremendously lazy. I do not care what kind of a spur you put back of us, this is going to be a good thing. That is the way I regard humanity as a whole, myself included, and if there is any way we can inspire and encourage and stimulate people I regard it as one of the greatest possibilities that lies in the world to-day, because, as William James has pointed out, all of us have reserve powers that are undeveloped, and that make for the wealth of the world. Dr. Gulick has pointed out that the reason the white men are civilized and have beaten out the savages is because they have utilized their reserve powers to a greater degree than the savage ever thought of doing. You can take a team of white men anywhere in the world and put them up against a team of savages and they will beat them at doing anything, because the white race has had the greatest stimulant. That is my conviction. I want therefore to hold something up ahead of people. I am not driving them from behind; I am holding up ahead, and if it will encourage and stimulate them, not as the piece rate does, but stimulate them to become better types of men and women, that is the thing we need.

The CHAIRMAN. Mr. O'Connell, do you desire to ask the witness any questions?

Commissioner O'CONNELL. Have the hours of labor been reduced in any of the plants in which your plan or idea has been put into effect?

Mr. EMERSON. Yes; some of them.

Commissioner O'CONNELL. Have you them in mind, or would you desire to state them?

Mr. EMERSON. I would prefer to think that over, Mr. O'Connell, and give them.

Commissioner O'CONNELL. Have there any strikes occurred in any of the plants in which the system has been introduced?

Mr. EMERSON. After it has been introduced; no. While we were attempting to introduce it; yes.

Commissioner O'CONNELL. Would you care to give those?

Mr. EMERSON. The Rauch & Lang Co., of Cleveland, build electric automobiles. Just as we started in our work there was objection on the part of the men, and we discontinued the work.

Commissioner O'CONNELL. Where the system has been introduced in a plant has it ever been discontinued?

Mr. EMERSON. Yes; I think so.

Commissioner O'CONNELL. In many?

Mr. EMERSON. I do not know about many. Some of them have continued and some of them have discontinued. We have been thrown out from some plants with enthusiasm and we have left others with enthusiasm.

Commissioner O'CONNELL. You are interested in the introduction of the system in the Santa Fe Railroad shops?

Mr. EMERSON. Yes, sir.

Commissioner O'CONNELL. At Topeka, Kans.?

Mr. EMERSON. Yes, sir.

Commissioner O'CONNELL. Is the system still in operation there?

Mr. EMERSON. Yes, sir; not as I left it, but still substantially in operation.

Commissioner O'CONNELL. In the reduction of a force taking place where the system is in vogue, is there an indiscriminate laying off of men, or are the men of lower standard laid off?

Mr. EMERSON. We would always advocate the laying off of the men of least aptitude for the work. I would always advocate that.

Commissioner O'CONNELL. Regardless of the time of employment by the firm and the fact that they had given their life to the firm?

Mr. EMERSON. No; in case it was an old man with the firm long years we would consider there was very great moral obligation to take care of that man—very strong moral obligation, which we have always inculcated. Of course, what we much prefer is a clamor for increasing output rather than to go into a firm where the output is decreasing. That is one of the most painful things there is.

Commissioner O'CONNELL. Of course, we can not avoid sometimes slack times in business. There must be a stoppage of work some time, and some reduction. Then in the reinstatement of men after business picks up again, of those who have been laid off, I suppose those having the highest efficiency of the number laid off would be those to be reemployed first?

Mr. EMERSON. Those cases have not come up. I can state what I would like to do and what I advocate.

Suppose we are running on an average 9-hour day. Sometimes it might be necessary to go to 10 hours; other times it might be necessary to drop to 8 hours. I would like to see the balance of 9 hours maintained. Work still further slacks off, I would like to go to 7 hours or to 6 hours, or even to 5 hours, and then to 5 days a week, in order to preserve the force, because it seems to me the permanence of employment is one of the most vital things there is for the workingman. It is his bread and butter, and anything that throws a man out of employment is tremendously inefficient. It seems to me one of the worst features we have in modern industry, so that I would say to avoid that in any possible way.

Secondly, we have found through our long experience that men have been tyrannized over in the most outrageous manner by their foremen and by the employing owners, in a way that makes any decent man's blood boil. What we have tried to do is to make men independent of that possible tyranny on the part of the employer. We would never dream of allowing a foreman to discharge a 110 per cent man. He could not do it any more than he could take a sledge hammer and smash a valuable machine. That man is too valuable to allow any foreman whatever to discharge him. We might fire the foreman, or we might shift them so as to keep them employed, but as for discharging a man of that kind, never.

Commissioner O'CONNELL. That is all.

The CHAIRMAN. Prof. Commons wants to ask one more question.

Commissioner COMMONS. Mr. Emerson, you heard Mr. Tobin's testimony regarding the notion that piecework does not speed up more effectively than the bonus or premium system. I believe the bonus system you have would not add an inducement in the way of compensation as would the piecework system, would it?

Mr. EMERSON. As I have said, if there is anything we hate and despise, it is to go into a plant in which piece rates prevail. We consider it the greatest obstacle in the way of building up efficiency. What we find is that efficiency does not depend on speeding up. It depends on other qualities that are far more weighty in getting the output than the speed of the operator. In one place where they make bolts and nuts we found when they made 100 bolts it cost 33 times as much per bolt as when they ran a run of 10,000 bolts.

Those are the things that we come in to rectify. We find those confounded piece rates standing in our way nearly every time. We can not change around; we can not adjust; we can not make the shifts that would be possible to increase

the output, without increasing the work on the men under the piece-rate system. That is the reason we dislike it, and yet we have never seen the place where it was not possible to lower the cost as compared to piece rates, and yet make it easier for the men.

Commissioner COMMONS. You do not consider that pressure for overwork is as great under your system as it is under piecework—the pressure for speeding up?

Mr. EMERSON. In piece-rate work you have two things: You have the desire to speed up where the man is absolutely guaranteed his piece rate, and, on the other hand, you have the desire to stand pat for fear it will be cut. We find in a great many piece-rate establishments evidently the men are standing pat, and we do not blame them. If you see a man's wages \$12 one week and \$11.95 the next week and \$12.05 the third week, you may know right off he is standing pat, necessarily so. A great many employers look at the pay roll and shy at the idea of any man earning more than so much. In one foundry where we were the foreman went to a man and said, "Be moderate; be moderate here. Don't you dare to earn over \$3.50 a day. Every time you earn \$4.50 don't you know the manager comes down here and wants me to cut the piecework rates all around? Be moderate." We said, "What did you ultimately do?" He said, "I had to get rid of all the efficient men. I can not keep them in the shop. They could earn so much more money, but the other men could not keep up; therefore I simply had to get rid of those men." That is one of the evils we run into in this piece-rate business. We believe a schedule ought to be set to the material, the tool, the machine, and the man. If a man has been there for 20 years, he might have an entirely different schedule from the man that had just come in, with the same material, the same tool, and the same machine.

Commissioner COMMONS. Is there no possibility, under your system, of any pressure being brought to bear on the speedier man to reduce his output?

Mr. EMERSON. No; because there is no stopping point. There is no particular point at which they can stand pat. A man receives what we would call a nice piece of pie to-day, on some schedule that is rather easy; but he does not know but what to-morrow he will have a schedule rather difficult; and he goes right in and works at a regular efficient rate straight along. We have never found very much, of course, there are men that remain 80 per cent men—never better; and there are other men who are 120 per cent men right straight along. We find men striking a certain gait and they maintain that efficiency right along. Of course, I would prefer to shift the 80 per cent man over into something at which he would be 120 per cent efficient rather than keep him at something at which he is only 80 per cent efficient.

The CHAIRMAN. Mr. Garretson?

Commissioner GARRETSON. Mr. Emerson, do you believe that, in say the past 200 years, your adjustments have, in 100 per cent of the cases, been just to the workers; that the employer has always been fair and just to the employees?

Mr. EMERSON. No; I do not.

Commissioner GARRETSON. That is all.

The CHAIRMAN. Mr. Weinstock?

Commissioner WEINSTOCK. I take it, Mr. Emerson, that you believe it is wiser to give a certain number of men in dull time half a day's work rather than double that number a full day's work. In other words, suppose you had 100 men and business dropped down to one-half the volume, and you had to either discharge 50 people or put 100 men on half time; which of the two do you regard as the lesser evil?

Mr. EMERSON. I myself would much prefer to put 100 on half time.

Commissioner WEINSTOCK. Rather than reduce the number?

Mr. EMERSON. Absolutely. At the same time, there are a great many questions of shop discipline that I would be perfectly willing to refer to the employees themselves, and that would be one of them.

Commissioner WEINSTOCK. You would give them a voice?

Mr. EMERSON. If they preferred to go on to full time for half the number of men, I would consider it very seriously. My own instinct would be to employ the full number of men half the time.

Commissioner WEINSTOCK. You have expressed great objection to the piecework system. Do you think it is vicious in many respects? You heard, doubtless, what Mr. Tobin had to say about the shoe industry; that it was practically conducted on a piecework basis. Take the shoe industry as a unit, if you were given the power, how would you organize the shoemaking industry?

Mr. EMERSON. That, of course, might require one, two, or three months of careful study to make a report. We have been in shoe establishments, and we see no real reason why they should not be organized on standard time and a bonus, particularly the cutting department, of which Mr. Tobin spoke. We have worked in there along the lines he spoke of. The material counts for so much, and a cutter can waste so much that it is very expedient to pay him a bonus upon the material that he saves, or as he lessens the waste. But we hold our objection to the piece rates in the shoe industry just as we have in all the industries.

Commissioner WEINSTOCK. You think there is a better way that could be determined in the shoe business?

Mr. EMERSON. That is our conviction.

Commissioner WEINSTOCK. So you do not regard the present shoemaking system as the best conceivable?

Mr. EMERSON. Not by any means; not from what I know of the shoe business, and I have been in a whole lot of shoemaking plants.

Commissioner WEINSTOCK. Would you say that as an employer as well as a worker?

Mr. EMERSON. Certainly.

Commissioner WEINSTOCK. It is not the best possible for either party?

Mr. EMERSON. That is right.

Commissioner WEINSTOCK. That is all, Mr. Chairman.

The CHAIRMAN. Have you any questions, Prof. Barnett?

Mr. BARNETT. No, Mr. Chairman; but was not Mr. Emerson promised a chance to speak from his chart?

The CHAIRMAN. Yes. You may do that at this time, Mr. Emerson.

Mr. EMERSON. It will only take me a moment or two.

[Displaying a chart to the commission.] Here is the corner of 200 per cent efficiency, and down in this lower corner it would be zero. There are two ways of obtaining high efficiency. One is to travel along these lines in this direction [indicating], and the other is to travel up that way [indicating] so you are on a different line. We went into a shop in which the average efficiency was 80 per cent, in this way [indicating]. That line [indicating] shows 50 per cent. Without discharging any of the men whatever we were able to increase the average efficiency up to 100 per cent, as indicated there [indicating] by simply ameliorating the conditions that surrounded the men, dispatching the work, planning a schedule, standardizing the conditions, standardizing the operations, giving the proper standard of practices and instructions.

Here [indicating] is a man of 5 per cent raised to 10 per cent. That raised all the men in this way [indicating]. This man of 110 per cent got up to 220 per cent. There was a general raise all the way through. That is the part of the manager. On the other hand, every one of these men that was here at this point [indicating] originally started there at that point. They had to travel along this line up to this point [indicating]. That is the part of the worker. You have the high efficiency when you have the management giving the men a better opportunity, and you have the desire of the worker to travel along these lines [indicating] wherever they are, from that lower end up to this point [indicating]. It takes the combination, absolutely the combination of the manager and the worker, to move from that region down in there [indicating] up into this region up here [indicating]. I can only indorse what Mr. Taylor said, that it needs the cooperation of the worker and of the management in order to reach this region [indicating].

The CHAIRMAN. We are very much obliged, Mr. Emerson.

The commission will now adjourn until to-morrow morning at 10 o'clock.

(Whereupon, at 5.30 o'clock p. m., the commission adjourned until to-morrow, Tuesday, April 14, 1914, at 10 o'clock a. m.)

WASHINGTON, D. C., *Tuesday, April 14, 1914.*

The commission met at 10 o'clock a. m. in the assembly room of the Shoreham Hotel.

Present: Commissioners Frank P. Walsh (chairman), John R. Commons, Mrs. J. Borden Harriman, Frederic A. Delano, Harris Weinstock, S. Thurston Ballard, John B. Lennon, James O'Connell, and Austin B. Garretson.

Present also for the commission: Mr. W. O. Thompson, counsel; Mr. W. Jett Lauck, managing expert; Mr. George E. Barnett, special investigator; Mr. B. M.

Manly, superintendent Division of Industrial Relations; and Mr. F. H. Bird, superintendent Division of Public Agencies.

The CHAIRMAN. I would like to make this announcement, that Mr. Louis D. Brandeis, who was on the calendar for yesterday, can not be present until tomorrow; that Mr. Johnson, president of the International Association of Machinists, will be unable to be present on account of being at the national conference of his organization in St. Louis; and that P. J. Conlon, vice president, will take his place. Likewise, Mr. John P. Frey, of Cincinnati, editor of the *Molders' Journal*, can not be present, and Mr. L. P. Allifas has been subpoenaed in his place.

The first witness for to-day is Mr. Charles W. Mixter, of New Haven, Conn., who came over from yesterday's program, and I will ask Mr. Mixter to take the stand.

TESTIMONY OF MR. CHARLES W. MIXTER.

Mr. BARNETT. Mr. Mixter, will you please give your full name and address to the reporter, and your occupation?

Mr. MIXTER. Charles W. Mixter, 313 York Street, New Haven, Conn. My present occupation is time-study man with the Sentinel Automatic Gas Appliance Co., of New Haven. Do you care to hear about some things that led up to that?

Mr. BARNETT. I should like you to explain what your previous occupation was before becoming an expert in scientific management.

Mr. MIXTER. I do not claim to be an expert in scientific management yet. I went to Johns Hopkins University; graduated in 1892. I next went to Harvard Graduate School for two years. Then I went to Germany for one year, at Göttingen and Berlin, and then went to Harvard again for two years. I obtained my degree at that time. Then I was instructor for two years at Harvard, and also instructor at Trinity College, Hartford, for one year. Then my health broke down and I went to Central America for nearly one year to get well.

Coming back, I was instructor at Harvard for two years. Then I was professor at the University of Vermont for 10 years; that is, 9 years teaching, and the last year on leave of absence.

I may say that early in my residence in Burlington, Vt., my chief acquaintance on the faculty happened to be the mechanical engineer. He knew about Mr. Taylor's views, having heard the papers when they first came out, at meetings of the Society of American Mechanical Engineers, and having heard Mr. Gantt's papers. That was a common meeting ground for us to talk about. I did not know much about his subject, and he did not know much about mine, so I became interested in scientific management, and presently began to teach it to my engineer students, having a section of engineer students, separate from the others; if I may say so, I think I was about the first one in the United States to teach scientific management.

Mr. BARNETT. What were you teaching at that time?

Mr. MIXTER. My subject was economics, and for the engineer students I gave them a course in scientific management.

Commissioner WEINSTOCK. What university was that?

Mr. MIXTER. The University of Vermont. That was 6 or 7 years ago that I began to teach the subject, and as time went on I became more and more dissatisfied with having only book knowledge of the thing, so I obtained leave of absence and went to the Tabor Manufacturing Co. a year ago last August. I stayed there just a year. I first went into the stores room, in the tool room, and then was assistant to the stockkeeper, on the assembling floor. I got rather tired of that sort of thing, and asked for a real job. They gave me a real job at bench work, and I may say I kept regular hours and was on the pay roll. After a while I helped the clerk in the planning room for about six weeks, and then went back in the shop, again on the bench work. I did some machine work, but mostly bench work.

Then I assisted the inspector a good deal, a job I never liked, measuring and counting things. I would a good deal rather make things.

After I got through with them, I had a little more bench work, then finally went in the planning room. I did not go around to all of the positions in the plans room, but quite a good many of them, and finally all last summer was on one job helping the foundry clerk.

Then I left there when my year was up, and when I got home I investigated one plant, wholly innocent of modern methods, a place where I did not have any

real job—I was not hired to do anything, but was allowed to go in there and make a report on how they might improve things.

Then I went to the Acme Wire Co., of New Haven, Conn., in December, and there served a sort of apprenticeship in time study, and now have been transferred to this other firm, controlled by the same proprietors. They are not ready yet for time study to be made. It is a new concern, just starting with a new product, and I am helping install, and doing all kinds of jobs. I realize I have got a great deal to learn, and I do not profess to be an expert.

Mr. BARNETT. In those systems of scientific management which you have seen in operation, will you explain what the system of remuneration is?

Mr. MIXTER. The task and bonus system.

Mr. BARNETT. In all you have seen?

Mr. MIXTER. Yes.

Mr. BARNETT. Is the method of making time studies identical in the establishments you worked in?

Mr. MIXTER. Practically so. I did not have much to do with the time-study department at Tabor, so I would not be able to talk about details there, but, so far as I know, substantially the same.

Mr. BARNETT. Will you give the commission your view as to whether in the places where you have seen the system installed, the task and bonus system seems to induce overexertion on the part of the employees.

Mr. MIXTER. Only occasionally by accident. Sometimes on particular work the time is set short by accident. I may say that the error is almost always the other way; that the times are set too long, and there are reasons for that; but occasionally the time is set short, and the workmen, out of pride, without saying anything, without making any kick, do press themselves a bit to get through in time, but they can kick if they want to, and at the Acme they do kick, and the foremen kick for them all of the time.

Commissioner WEINSTOCK. Against the system?

Mr. MIXTER. Against any time which, through the natural error, the time-study man himself occasionally has set too short.

Commissioner WEINSTOCK. They simply kick against the time as set too short and not against the system?

Mr. MIXTER. Oh, my, no; not against the system, but the actual job as it happens to go through the shop. The foremen are paid bonuses on the number of made jobs, and just as soon as the operative thinks the job is not coming made, instantly they report to the instructor. They have instructors in each of the rooms besides the foreman, and the instructor commonly is able to show what is wrong and pull the matter up all right, but if they should not prove so, and if batch after batch should say the material did not come right, or something, the foreman goes right down to the time-study desk and the time is revised.

Mr. BARNETT. Can you give us any idea as to what part of the men or women at work on a task ordinarily make more than the task—that is, complete the job within less than the time? In other words, is it the expected thing that the average will be just about the task, or that a considerable part of them do more than the task?

Mr. MIXTER. Now, that depends a good deal on the character of the work as to whether it is repetition work or jobs that vary. On the jobs that vary, and where, say, only one workman does that kind of work, as a rule it is more difficult to get a good time than where there are many work people engaged in that same kind of work, and there the most of the times are right, but some of them vary, being too long, and some a little too short. The average most decidedly is in favor of the workman; but the time cards men are short, because on the jobs that are too easy they hold back, use up nearly all the time, and hand in their tickets just as the time set is up. So you could not tell by looking at the time ticket, but on a job that is repetition work, as at Acme, and especially in the assembly room, a very large proportion of the girls beat the time a good deal. They get through a batch, say the time is a day and a half—of course, it varies for different sizes and types, but on the whole about a day and a half—there are a very large proportion of the girls, I would not say just what per cent, but I think one-fifth or one-quarter, who get through in just a little over a day. They beat the time two or three hours. Then they take a rest, and no foreman or instructor hustles them and says, "Hadm't you better get together and on another batch?" After they have rested until further rest time is more of a bore than a value, they will start in of their own accord on a new batch.

Mr. BARNETT. Do the weekly wages of these people come to more than the task time would indicate? That is, do they earn more wages than the allotment to the task would give them?

Mr. MIXTER. If I understand what you mean, my answer is, "Yes." The bonus is multiplied by jobs per day; that is, the rate at which they are working. So if they beat the time a good deal their wages mount up very rapidly.

Mr. BARNETT. So that they do exceed the task?

Mr. MIXTER. They have a motive to exceed the task. They are not required to, but those who can easily work well inside the time, of their own accord and from ambition, after they have rested all they want to, will start in again on another job, on another batch.

Mr. BARNETT. And you say those are about 20 per cent?

Mr. MIXTER. I think about 20 per cent.

Mr. BARNETT. Have you any opinion as to whether the variability of efficiency—that is, of speed—is greater under a system under which the task and bonus system is not used, than under a system in which it is used; that is, between the ordinary wage system and the task and bonus system? How does the variability compare?

Mr. MIXTER. I think I see what you mean. You mean compared to the point of view of piece rates?

Mr. BARNETT. Yes.

Mr. MIXTER. I happened to get to talking with a man on the train coming down here, a man who worked in the New Haven shops at New Haven, the kind of man on whose word you can depend. You can depend on what he says. I think I know now how I can pick out a workman who does not draw the long bow, but just talks facts—and he told me about his experience under the piece rate, not in his present employment, but in a former shop that he worked in. He said a man's mind is never at rest. He is always worrying about whether the next job he will get will be profitable or not. Whether a different kind of a job or the same job—because the same job varies according to whether work comes right or not—whenever a piece-rate worker gets a bad job, and the times are set by perfect guesswork, ragged and all out of line ordinarily, for piecework in the old-style shops, a man can not make wages, as the saying is. He works his head off and has nothing to show for it. On the other hand, whenever he gets the other kind of a job at a piece rate, it hurts his self-respect to hold back on it and not make as much as he might, because he knows the rate will be cut if he does.

To my mind, also, there is the steady flow of piecework, say in a shoe factory. Under the bonus system the end of a batch is a sort of stopping place. It breaks the unbroken flow of the thing, and I should say that there is simply no comparison between working under the task and bonus system and the piece-rate system.

Mr. BARNETT. Let us see if we can reduce that to some definite arithmetical proportions. Let us suppose that there were a hundred men at work under a system of piece rates, and out of that hundred men a certain part would cluster around an average, somewhere around a medium. Then some of them would be at some distance from that, some above and some below that. Now, under a task and bonus system, would they tend to cluster more closely around this average, or would they be more dispersed? In other words, does the task and bonus system tend to produce a standardization of the work of the people, in your opinion, and are there less differences in the output of the different people under a task and bonus system than there would be under a piece system, or under a daytime system?

Mr. MIXTER. I doubt very much whether a correct answer could be made to that question as regards the system. It depends upon the application of it in the particular shop. If the bonus time is set rigorously, then there would be a tendency to bunch the workers at the bonus point. They would not be spread out so much. But where the bonus time is set liberally, as it is at Acme, the foremen and the instructors in the interest of their own bonuses, see to it that the time is set rather liberally. Then from that point the workers spread themselves out according to their natural differences.

Mr. BARNETT. But a severe task would tend to produce this standardization of output, in your opinion?

Mr. MIXTER. Yes. Then there would be the matter of selection come in. After a while you would get a picked body.

Mr. BARNETT. You do not know whether any statistical studies have been made as to the differences between the effects of these different systems on the standardization of the employees at all?

Mr. MIXTER. No, sir; I do not know anything about that.

Mr. BARNETT. If I understand you, at Tabor the foreman is paid according to the number of persons who come up to the task? That is, his bonus depends on the proportion of the workers who reach the task?

Mr. MIXTER. It is slightly different in form at Tabor than at Acme. At Tabor the foreman's bonus is based on the percentage of the bonus earnings of the men under him, while at Acme it is simply on the proportion of made jobs.

Mr. BARNETT. How do you men—the proportion of made jobs?

Mr. MIXTER. In a certain department, if all the workers make a bonus, then it is 100 per cent made jobs. If they do fall down, then it is, say, 95 per cent made jobs, and there is a scale of foremen's bonuses, running from 30 per cent downward, depending upon that proportion.

Mr. BARNETT. So that, according to your experience, that induces the foremen to complain if the task is too high, because the foreman then can not get much bonus?

Mr. MIXTER. Yes.

Mr. BARNETT. Suppose a foreman was paid according to the total output? Would he have the same incentive to complain about the severity of the task?

Mr. MIXTER. No; that would concentrate his attention in another way and make a driver of him.

Mr. BARNETT. Have you seen any shops in which that system of remuneration of foremen was in vogue?

Mr. MIXTER. I have heard of them, but never worked in such a place.

Mr. BARNETT. Is it a principle of the Taylor-Gantt system, which you have seen, that the foreman shall be rewarded according to the number of workmen who make their task?

Mr. MIXTER. Yes.

Mr. BARNETT. That is a part of the system, is it?

Mr. MIXTER. Yes.

Mr. BARNETT. Is that intended in part to prevent speeding up or driving on the part of the foremen?

Mr. MIXTER. Not so much that as to achieve maintenance of schedule and to make it for the interest of everybody to smooth out the rough places. The great trouble in a shop is in work not coming right, material falling below standard; and where the workers make bonus, and then the foreman has bonuses based on that; then he kicks right straight off when things do not come right, and it is intelligent kicking that goes to the right place to settle it, and not a mere kick that sets people to swearing, the usual way of trying to hustle things up in the old-style shop.

Mr. BARNETT. You are acquainted with the theories of collective bargaining and the history of collective bargaining in different industries of this country and abroad. Does it seem to you possible to introduce into the efficiency systems some form of collective bargaining by which the workers collectively would have a voice in the fixing of the tasks?

Mr. MIXTER. There is nothing essentially incompatible, but a very great practical difficulty, especially at the outset—the reorganizing of any old concern. The installer has his hands full, struggling with the management, just as Mr. Taylor and others said yesterday. He has to go around sometimes and fight battles to get the bonuses for the work people, and so on; shaking his fist under the nose of some old fellow who has control of the business in the head office, and a great deal of his time and energy goes that way.

Then, all along down the line, the superintendents and room bosses, and so on, are naturally wedded to their ways of doing things, and it is human for them to rather resent this outsider coming in to show them how to do their business. They are all the time raising objections, and he has to spend a great deal of his time talking and arguing and persuading people into the new view—the new way of doing things. Now, if in addition to that a workman should come to him and say, "We want to be persuaded, too, about all these times, and so on, that you have set," and he would say, "Jim, I simply can not do it; my cup is full; I can not do it," and it would be largely wasted time. He would be objecting to things in advance, in anticipation. You would say, "Try it first; I tell you I am going to give you a square deal; try it first."

Well, it is that exigency that would stand in the way at the outset. Then, after a while, what happens is this, that the high pay and better conditions make the work people fall away.

Mr. BARNETT. Do you mean it makes them fall away from the unions?

Mr. MIXTER. Yes; fall away from the unions; and so you do not get it in the end for that reason; not because of hostility to the unions, but simply because it dies out of itself. And I might say at that point the scientific-management man and the leader of organized labor are a good deal like rival tradesmen trying to sell the same thing to the same people—that is, higher wages and shorter hours. That does not come as fast as it ought to, for a reason I will give presently—that is, give my surmise. The organized labor man believes in organized labor on principle, and he wants to have these institutions go on doing business at the old stand. Here comes along a rival tradesman who takes away their trade; they not only have a personal interest, but they think in the long run it will not pay labor to fall away. In a certain concern in England—I had occasion to review a book last year describing their methods. There, when the high wages and better conditions generally caused people to fall away from the unions, the employers regret it and they try to induce the men to stay in the unions. I think American employers are apt to take a shortsighted view about that, and to think it is a nice thing to have the workmen fall away from the unions. They do not seem to realize that they have got to come to recognize the great principles of democracy at last, and they might just as well begin to do it now. It is not a good thing in the long run for labor to fall away from the unions.

Mr. BARNETT. How do you consider that the system of collective bargaining for the setting of these tasks, for example, might be worked out, assuming that the men did remain in the union, that the unions were strong, and that they desired, after the system had been installed—passing over that initial difficulty—that this thing be done? Have you thought about how collective bargaining might operate on the task system?

Mr. MIXTER. Nothing very much in particular, except it would be like in collective bargaining if we had had the times and the bonuses, the base rates, the wages and hours, like the subject of debate on terms of conditions and agreements. I do not see any reason why it might not be.

Mr. BARNETT. I mean about setting the task; it would be necessary, would it not, if the subject of task setting was to be brought under any efficient joint control, for the union to have a representative with the efficiency engineer?

Mr. MIXTER. Perhaps not exactly that way. My opinion of the way that capital and labor must get along in the future is something of the way as happened pretty generally throughout the old countries of Europe. They still have permanent heads of the Government, the Crown, and a good deal of the ancient Crown prerogative is retained, but checked, controlled by the elective Parliament, it seems to me, in something the same way we have to work it out in industry. The prerogatives of management, of course, have got to be retained. Every ship that sails the sea has got to have a captain. Somebody has to be the boss everywhere. You can not have too many cooks in the executive work, but there might be a parliament, if you please, some body of representative men of the employees who would have full check and control, or sufficient check and control on the exercise of the prerogatives of the management, in their representatives, of course.

Mr. BARNETT. To bring that down to a concrete case, suppose that in a shop in which the right of the employees to have a voice in the setting of their tasks was admitted, a particular task was set and it was not changed by the foreman on complaint of the employees, how do you think that matter might be adjusted under a system of collective bargaining?

Mr. MIXTER. I do not think these head-on collisions come very often, just as Mr. Taylor said yesterday.

Mr. BARNETT. But suppose one did come?

Mr. MIXTER. In the last resort there is only one answer to make: The prerogatives of the management, of course, have the final say now, at any rate.

Mr. BARNETT. They do now.

Mr. MIXTER. Under collective bargaining you could conceive that both sides would have an equal say.

Mr. BARNETT. What I am trying to get at is how do you feel the employees could fit into this system? Would it be an advisable thing for the employees to have—as, for example, in the mines the miners have a check weighman, who stands by the side of the operator's weighman and ascertains whether or not the weighing is correctly done—a check efficiency man? Would it be possible for the operatives in a large establishment to have by the side of the efficiency man of the establishment a representative of their own, who saw these time studies and who had in mind the interests of the employees, who was especially charged

with that, and then in case they disagreed perhaps the matter might be referred to a third person?

Mr. MIXTER. Wherever necessary. I do not see why there should not be a representative of the employees who might perhaps be a specialist on time study, and the time study man explain to him fully his methods, and so be able to adjust these things for them when they came up. That there should be a representative of the men chasing around the shop all the time with the time study man, at his elbow, working his watch also like the other man, which indicates a suspicion of cheating all the time, I do not think is necessary.

Mr. BARNETT. Do you think the presence of a timekeeper representing the employees indicates suspicion necessarily?

Mr. MIXTER. I imagine that, because there have been some mighty bad practices in the past on the part of employers and employees both, perhaps.

Mr. BARNETT. Suppose in a certain industrial line it should be found these tasks were consistently too heavy and the employees found them constantly too heavy, would that not form the same kind of justification for the establishment of a check efficiency engineer?

Mr. MIXTER. If those conditions obtain, it would call for correction, and correction through the forces of organized labor and their representatives. It could not be obtained otherwise. I do not think there would be any necessity of their having a representative man at the elbow of the time study man all the time. I do not agree to that at all. If he is worthy of his job at all, he is going to do it in a professional spirit. As far as I know, the errors that are taking place are through ignorance. There are a number of young fellows who sometimes make mistakes, but the final mischief is done in the head office. It is not the time study man that sets the tasks too high. It is the policy of the labor-grinding proprietor. Your organized labor might go directly for them. They need not make a burden on the time study man. I know of a certain place, or, at least, heard of it, where the operators had been around smashing the time study man's windows. It was not his windows they should have been breaking.

Mr. BARNETT. Would it not be a protection to the time study man in seeing that his rights were not interfered with by the firm if they were made under joint consideration with the representatives of the employees, assuming that that representative was a fair-minded man and that he was intelligent enough to understand the methods which were in vogue? In other words, would it not insure the efficiency expert against interference by the firm in his work?

Mr. MIXTER. I do not know whether the very best control would come that way. As regards the unfair attitude which the employee may take toward the installer or the time study man, it depends on the others' perfection or their opinion and public opinion generally. So far as the detail in the shop is concerned, the usual methods of organized labor might apply.

Mr. BARNETT. What would be your objection to this check efficiency man—the cost of it or the difficulty of agreeing with the men, the possible difficulty of agreeing with the men? What would be your objection to it, concretely?

Mr. MIXTER. A sort of mixing of legislative control with administrative work. You can not explain the details of everything as you go along. You can not ever get the work done. The demonstrator has to go ahead and do things, and then, say, a representative body have a check on his work after it is done.

Mr. BARNETT. So you would feel that the check on the control of the efficiency man through collective bargaining ought to come after his work is done?

Mr. MIXTER. Yes.

Mr. BARNETT. That is, that the complaints would be made by the particular operatives concerned to their union, and through them would be taken up?

Mr. MIXTER. Yes; after his work is done and after it is tried out, about right off.

Mr. BARNETT. That is all.

The CHAIRMAN. Have you any questions, Mr. Garretson?

Commissioner GARRETSON. Yes; I have one or two that I want to ask.

Take your attitude as stated, Mr. Mixter, on the question of the right of the employer, that it can not be interfered with; is not that exactly the attitude that has been taken by every employer since the beginning of time until he had some of his opinions changed by organized labor?

Mr. MIXTER. I think there have been other forces at work besides organized labor.

Commissioner GARRETSON. Whatever has changed it, the prerogative is what has always been insisted upon—benevolent despotism.

Mr. MIXTER. Oftentimes the benevolent part is left out.

Commissioner GARRETSON. The new plan would be benevolent despotism. In other words, I have noticed running through your ideas of efficiency, of scientific management, the broad idea that a new boon was being brought to men, and that they were not entitled to any voice in fixing its terms. They must take just what was brought to them, without having any voice in fixing its conditions. Is that any more than a repeating of the old attitude of the employer all of these years, except with this difference, any man that is connected with an efficiency system—and in that term I am embracing all of the various systems—seems to assume that its administrators possess qualities that the employer has not possessed heretofore? Is not that the idea?

Mr. MIXTER. I think that is the idea, and I think it is so, too.

Commissioner GARRETSON. Good. That is a scientific fact—that it is so.

Mr. MIXTER. I think that this movement has really brought something new into the industrial world.

Commissioner GARRETSON. That is not the question that I asked. The question I asked was in regard to the personnel of the men who present the movement. Are they more superhuman than has been in the game before?

Mr. MIXTER. They do have a different spirit and different methods.

Commissioner GARRETSON. When they go into the temple to pray, they say, "We thank the gods that we are not as other men"?

Mr. MIXTER. No; they do not say anything of that sort. They do not profess to be more virtuous than other men, or to be so much wiser than other men, but there are such things as inventions in the world of ideas, as in other realms, and new movements, new ideas.

Commissioner GARRETSON. Did not your theories of absolutism in administration reach their highest side in slavery?

Mr. MIXTER. I have no theory of absolutism.

Commissioner GARRETSON. Declarations made in regard to the nonright of the worker to a voice in these matters, and that the men who are putting efficiency systems in could not give heed to their protests because his cup was full. It struck me that that vein runs through it.

Mr. MIXTER. I maintain that is not a declaration of absolutism, it is simply a statement of fact.

Commissioner GARRETSON. In other words, the system and the employer have all of the rights that have always been claimed for him, and the worker gains no rights, he must accept the good that comes to him without any voice in how it is to be arranged?

Mr. MIXTER. Until the entrepreneur changes, either under this system or any, of course; but I would like to make this statement: It is true the system introduces checks and balances which considerably modify the old autocracy. It is true that you get, to a very great extent, a government of laws and not of men—to a considerable degree.

Commissioner GARRETSON. You are reasonably familiar with the average man's ideas of some laws?

Mr. MIXTER. I do not understand exactly what you mean.

Commissioner GARRETSON. The average man does not hail all laws as good.

Mr. MIXTER. No; they find some of them very irksome.

Commissioner WEINSTOCK. Do you favor the piecework system, Mr. Mixter?

Mr. MIXTER. Not at all.

Commissioner WEINSTOCK. What are your objections to it?

Mr. MIXTER. It is a hit-or-miss-it thing, a crude device. It could conceivably be worked fairly well with time studies, but even then it would be much more difficult to set piecework right with time studies than the task and bonus. If you make any error one way or the other, the thing tips too much over against the man or against the company.

Commissioner WEINSTOCK. In other words, you think it unscientific?

Mr. MIXTER. Essentially so.

Commissioner WEINSTOCK. Do you favor the task and bonus system?

Mr. MIXTER. I do.

Commissioner WEINSTOCK. Where do the two differentiate?

Mr. MIXTER. Well, on the task and bonus system, on jobs where the work does not come right, and that means not only difficult jobs, but simple jobs, from time to time, does not go against the man. The utmost they can lose is to lose their bonus, under the bonus system, for they get their day wage anyway.

Commissioner WEINSTOCK. They are sure of a living?

Mr. MIXTER. They are sure to get their base day wage, anyway. Then there is the advantage for the firm, too. If it tips the other way, there is not the incentive to cut. In piece rates, when they get out of line and the earnings are extravagant, the rate is cut, while under the bonus system, while the pay may be handsome, it never runs away out of sight.

Commissioner WEINSTOCK. Do you favor, under the task and bonus system, giving labor a voice in fixing the rates?

Mr. MIXTER. Those are separate things, in a way. The whole matter of collective bargaining stands on its own footing, and as an economist, I believe in it.

Commissioner WEINSTOCK. If you owned a plant and you introduced the task and bonus system in your plant, would you be willing to give your workers a voice, an equal voice with yourself, in determining the proper rate of bonus?

Mr. MIXTER. I should certainly want to, but if I found things were getting all mixed up, and I could not make it that way, I would be human enough to give it up.

Commissioner WEINSTOCK. You mean if you found yourself and the representative of labor were continually disagreeing, and it was causing delay and friction, you would give it up?

Mr. MIXTER. Delay and friction—too many cooks.

Commissioner WEINSTOCK. Could not that be overcome by a third party who would be an arbitrator in disputed cases?

Mr. MIXTER. I do not believe in arbitration at all with outside people. The way to settle disputes is inside the industry.

Commissioner WEINSTOCK. The thing that would make you hesitate to give your labor an equal voice with yours in determining the bonus would be the fear that you would disagree, and that disagreeing, you would have no means of settlement, other than by an arbitrator whom you would look upon as an intruder?

Mr. MIXTER. If I saw the arbitrator coming I would agree right off in no time. I would much rather come to any sort of an agreement.

Commissioner WEINSTOCK. You think that yielding to labor would be a lesser evil?

Mr. MIXTER. Decidedly, in the long run. In the long run it could be worked out so that there would be no evil at all.

Commissioner WEINSTOCK. Your objection to giving labor a voice in fixing the bonus is the fear of a disagreement and an objection to having an arbitrator?

Mr. MIXTER. It is a sort of practical and temporary difficulty. Say, where you are making an installation, you would have so many things objected to before they were tried. I am sort of speaking all of the time of two sides of minds, one side the economist side, and the other side that which goes to the practical difficulties, especially where you are making an installation.

Commissioner WEINSTOCK. It would be in the nature of a hamper and a hindrance?

Mr. MIXTER. Yes; and sometimes that is so great that you have to let your principles go for a while and say "Let us get on."

Commissioner WEINSTOCK. You favor collective bargaining?

Mr. MIXTER. Certainly, on principle.

Commissioner WEINSTOCK. What opportunity is there for collective bargaining in a bonus system if labor is not to have a voice?

Mr. MIXTER. I hope we shall all come to that, that they will have a voice. I believe in it.

Commissioner WEINSTOCK. On the one hand I understood it is impracticable to give labor a voice, and the other—

Mr. MIXTER. Impracticable while the system is being installed.

Commissioner WEINSTOCK. In which side of it is it practicable to give them a voice?

Mr. MIXTER. Usually after the system is thoroughly installed. There are quite a good many things that I think might be done, say, after any shop has had scientific management for five years. I believe there are a good many things about the system itself that can be sloughed off, that were necessary in the earlier stages, and take collective bargaining; the proprietors might well say that we could not do it then, but we are ready to do it now.

Commissioner WEINSTOCK. Then you would suspend collective bargaining in the early stages of the game?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. And you would take it up at some future time when the machinery was running smoothly?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. What occasion would there then be for collective bargaining after the machinery was running smoothly?

Mr. MIXTER. On general principles—

Commissioner WEINSTOCK. What would there be left to bargain about?

Mr. MIXTER. A further reduction of hours, for one thing.

Commissioner WEINSTOCK. Questions other than prices?

Mr. MIXTER. The fundamental base rate of wages, of course, and some other things.

Commissioner WEINSTOCK. Then the only thing upon which you would not want to have collective bargaining in the early history of the proposition would be the bonus maintained, and you would not object to collective bargaining on the base wage or on the question of hours and working conditions?

Mr. MIXTER. "Working conditions" is a pretty broad term.

Commissioner WEINSTOCK. I mean the physical conditions of the shop.

Mr. MIXTER. Oh, there is no reason why they should not be made right.

Commissioner WEINSTOCK. You would simply draw the line in the beginning at collective bargaining, so far as it would relate to the bonus or the premium?

Mr. MIXTER. To the task and bonus.

Commissioner WEINSTOCK. In that you would want to be supreme for a time?

Mr. MIXTER. Largely, in the matter of putting it in and giving it a good trial. Then let the objections come after the trial.

Commissioner WEINSTOCK. In the State of California, where I live, at the last session of the legislature a measure was introduced for establishing, through a properly appointed bureau, a minimum wage for women and minors. To the surprise of the public generally, organized labor fought it very bitterly. The alleged reason given on the part of organized labor for fighting the minimum wage was that they believed, if enacted, the minimum wage would become the maximum wage, and therefore would not be in the interest of women and minors. That was the alleged reason. The real reason, as was later developed, was that organized labor feared that if the State were to fix the hours of labor, as the State has done in California, for women and minors, and if the State also was to fix the minimum wage, that there would be no reason for women and minors joining unions; that the answer would be that "the State is doing for us all that unions can do, and hence there is no occasion for us to pay our dues and to burden ourselves with that tax." From what you know of conditions you realize that organized labor opposes the bonus system and the premium system on the ground that it injures the worker physically; that it leads him to become a strenuous worker rather than simply an industrious worker. Do you believe that is the real reason on the part of organized labor, or is it not the fear that the success of the bonus system will make the men drop out of the unions?

Mr. MIXTER. I think that is the alleged reason and not the real reason. Of course, I have a great deal of sympathy with that attitude. Of course, they do not want to see their position undermined at all, and, of course, it has given deep offense—all this about the planning room being the brains of the shop. There is plenty of room for brains in other places than in the planning room. In various ways the hair has been rubbed the wrong way, and therefore naturally, just the same as all of us do, they put forth the most telling arguments, the arguments that will go best with the public, and hence the claim in respect to the degradation of being timed with a stop watch. I would like to talk about that also.

Then there is this claim of alleged overspeeding, which was made before a committee of the House of Representatives the year before last. Somebody said that under the symbol system in a Taylorized shop the men were forgetting the name of a hammer. Nobody but the instruction-card man, the tool-room man, has any occasion ever to use the symbol for a hammer. All sorts of things are brought forward that are calculated to catch the sympathy of the public as objections to the system. The real reason is that the position of organized labor is undermined, and, as I say, I have a good deal of sympathy with them.

Commissioner WEINSTOCK. I take it that you are not an employer.

Mr. MIXTER. No.

Commissioner WEINSTOCK. And your sympathies are with labor rather than with the employer?

Mr. MIXTER. Naturally, from being a professor of economy all of my life, my sympathies are that way, and yet, again, I am a man of science, so I do not let

my sympathies go either way; but I am getting more and more the employer's point of view, naturally. I could not help it. I see his difficulties; and on time study I am going to try and set the times so that they will be fair to the workpeople, and of course I am going to do it also within the idea of setting them so that the company would not lose money.

Commissioner WEINSTOCK. You have no prejudice against organized labor?

Mr. MIXTER. None. My sympathies, rather, are with it.

Commissioner WEINSTOCK. I gathered from what you said that you think it would be a calamity to society for organized labor to be wiped out?

Mr. MIXTER. Yes. It makes serious mistakes, of course, and all of that; but I think it is part of the great democratic movement of the time, and we have to accept it.

Commissioner WEINSTOCK. Therefore, talking as you do, you do not talk as a man hostile to organized labor?

Mr. MIXTER. Not at all.

Commissioner WEINSTOCK. But one whose sympathies are with organized labor?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. From what you know of the bonus system, and from what you know of objections that prevail generally, has it been the result of your observation that the bonus and premium systems injure the men physically?

Mr. MIXTER. I have not seen it. I heard a particular workman whom I trusted to speak the truth say that a particular job that he worked on for five days at a time was arranged so that the time was set a little close. Of course, that will happen, and if he was not too proud to kick he could go and have it changed.

As for the Acme, you ought to see those girls when they get onto four or five cars Saturday noon, going home—well-dressed and good looking and healthy and well fed. They are not candidates for some nervous recuperation asylum—not much. Of course, I have not been there very long; but I am told by a man whom I believe that their improvement since the system was installed is very marked. They live better and eat better, and they are a better looking crowd than they used to be. I asked him whether that was not because a lot of new ones had come in by selection, and he said "No."

Commissioner WEINSTOCK. We have been talking a good deal the last several days about what constitutes the missing link between capital and labor. Do you believe that the trade agreement is that missing link between capital and labor, organized on both sides?

Mr. MIXTER. Yes; and I have written some things about that, and even have gone so far as to prepare some legislative bills.

Commissioner WEINSTOCK. You are a believer in the trade agreement?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. Does the bonus or premium system in any way interfere with the carrying out of trade agreements?

Mr. MIXTER. No. The more things you bring into any trade to agree upon, the more elements, the more difficult it is to come to an agreement, of course. A simple thing is easier to bargain over than a complicated thing, naturally.

Commissioner WEINSTOCK. You mean that the bonus and premium system add to the complexity of the situation?

Mr. MIXTER. Yes, but it struck me yesterday that Mr. Tobin said that the shoe workers like the piece-rate system, on the whole. Notwithstanding he said it probably injured their health, they seemed to like it, but that the laboring people pretty generally did not like it. The probable reason for that is that historically they got it early, and that through many battles those piece-rate scales have been woven into the system of contracts and understandings with their employers, and now they do not want the other thing, because it is new, and they say, "Oh, that will make trouble with us and we will have to fight all over again, and fight for fresh agreements." Very likely that is the only objection to it, but in itself it would be a decided improvement upon the piece rate.

Commissioner WEINSTOCK. Summing up all that has gone before, your judgment is that the piece-rate system is unwise?

Mr. MIXTER. Most decidedly.

Commissioner WEINSTOCK. Unscientific; and that the bonus premium system, while, perhaps, not the best conceivable, is to-day the best possible, because it is based on scientific methods?

Mr. MIXTER. There is a good deal of difference between the bonus and the premium systems.

Commissioner WEINSTOCK. You do not treat them as synonyms?

Mr. MIXTER. Not at all.

Commissioner WEINSTOCK. What is the difference?

Mr. MIXTER. In the premium system the time allowed is not a time necessary and usual, set by time-study methods, but simply a time from which the premiums begin, and is set by guesswork or past experience of the shop, and from that point, say five hours on a job, the premiums begin. Oftentimes the value of the time saved is half.

Commissioner WEINSTOCK. How about the bonus system?

Mr. MIXTER. On that same job, for example, by time study you would find that three hours and a half is the time for that job, and then the bonus begins with a jump.

Commissioner WEINSTOCK. We would stick to the bonus system then; the piece system is objectionable?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. And the bonus system is desirable?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. Would you have collective bargaining in the beginning on all things other than determining a bonus?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. You would give labor a voice when the machinery was running smoothly and experience had been gained?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. You believe that the trade agreement is the missing link?

Mr. MIXTER. I believe that it is a big thing.

Commissioner WEINSTOCK. You do not think that the objection of organized labor against that bonus system affecting man physically will stand?

Mr. MIXTER. No, no; I don't think it will stand.

Commissioner WEINSTOCK. You think that that is the alleged reason, and not the real objection on the part of organized labor?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. You think the real objection on the part of organized labor is the fear that the bonus system might undermine unionism?

Mr. MIXTER. That is it.

Commissioner LENNON. I understood you to say that if there is to take place a change in the factory by the introduction of this system the employees are entitled to be consulted before the change is made?

Mr. MIXTER. The employees?

Commissioner LENNON. Yes. In other words, that the change can not be made without consultation with the employees and without their consent?

Mr. MIXTER. They do it; they make the change.

Commissioner LENNON. On what hypothesis do you base the claim that the employees are not entitled to consultation before the change is made?

Mr. MIXTER. The system of industry under which we live. We have not got a complete democracy in industry yet.

Commissioner LENNON. Well, if that is true in industry, why should not we apply it all through—social life and governmental life? Why should not we employ it everywhere, and say that one class of society must be consulted and their consent must be obtained, and the other class must not be consulted?

Mr. MIXTER. Well, we get into very deep water on those questions.

Commissioner LENNON. I know that.

Mr. MIXTER. If we had democracy in government centuries ago, the advance of civilization, in my opinion, would have come to a standstill; we were not ready for it. It is a modern luxury, in a way, that would increase the health and everything else; but now, at least, we can come to a great ideal that no other age dreamed of, the full participation in it by free men in society—no helots. It is a great, big thing; it is common law, and in the nature of things it must come a little bit slowly.

Commissioner LENNON. But if this principle is recognized as being correct, as to the introduction of what is called scientific management, why should it not be employed if the employer desires to change the laboring hours from 10 to 14 hours a day? Should he have the right to put in a 14-hour day instead of a 10-hour day or an 8-hour day without consultation with the employee—with the people who have the work to do?

Mr. MIXTER. I think going from a 10-hour day to a 14-hour day ought to be prohibited by law, and it ought not to be left to the employees to fight it out with him; it should not be allowed.

Commissioner LENNON. Then in this case you do not desire to bring in the outside arbitrator?

Mr. MIXTER. The necessary rules of society on a broad matter like that are very different from an outside arbitrator trying to settle all the little disputes that arise in an industry that nobody but the insiders know anything about. Your Congress can know about 14 hours a day, but not about whether a certain job is new work and the scale applies or does not apply. That is not a thing they would know about.

Commissioner LENNON. Can not the employees know anything about these questions?

Mr. MIXTER. Certainly; through collective bargaining they can do that.

Commissioner LENNON. But collective bargaining—there are some people who have had experience in the world as well as professors—collective bargaining, if it is to be effective and worth anything, must be at the initiative point and not after a plan has been established in a factory.

Mr. MIXTER. It can not come in to remedy faults in its initiation. It is not worked that way in the realm of government. On the whole the administration fixes the law and does things first, and it is changed afterwards.

Commissioner LENNON. My conclusion differs with yours, although you are an expert and I am only a layman, but I have not found that in my reading. But never mind that; that is outside of the subject.

Now, what kind of work is made by this Acme Co.? What is the nature of the product there?

Mr. MIXTER. They make coils for electrical magnets, coils of wound wire.

Commissioner LENNON. What is the proportion of women employed to men?

Mr. MIXTER. Nearly all of the work in the rooms is done by the men; a little of it is done by the women.

Commissioner LENNON. I understand you have been there but a short time, but perhaps you know something of the policy that is to dominate the future of the concern. What opportunity is there going to be in that factory for anyone to really learn the trade?

Mr. MIXTER. As much as in any other factory where similar work is done, if not more.

Commissioner LENNON. You anticipate, then, if these girls employed, if they stay there five years, they can go out and work in some other factory at perhaps the same identical work, or work involving the same mechanical principles, where those mechanical principles are in vogue? Can they do it in some other factory and make good?

Mr. MIXTER. I should think they could go out and obtain higher wages, these very girls; they are decidedly improved. There is no doubt about that.

Commissioner LENNON. As you understand it, in whose interest are these efficiency systems introduced, in the interest of the employer to accentuate profits, or in the interest of the working people to increase wages?

Mr. MIXTER. Of course, under the entrepreneur system, it is the proprietor that sends for the efficiency man and puts him on the job, and he is actuated partly, if he is a "white man," or particularly by the desire for profits, and partly by a desire for other things, and if the heavy wheels run smoothly, it is something he can take pride in. If he is the other kind of man, all he thinks of is the profits.

As to the installer, all that I know most decidedly have a professional spirit, and they care for the welfare of the help, and when they find some proprietor that wants to hire them at the hog time, they do not want to work for him and they leave him—quit him.

Commissioner LENNON. Suppose you go into a new establishment, or an establishment that has been in existence for any length of time—it makes no difference how long—how do you fix the basic wage, the daily wage at which you start? Suppose there are a dozen factories in the city; how do you fix the wage in the factory where you are going to install your ideas.

Mr. MIXTER. Of course I haven't done any hiring myself; I have simply left it to others. I have always done that. You understand I have not done that myself, but it is the prevailing wages for the different trades in the community or district; that is the base rate.

Commissioner LENNON. That is, you take all the factories and find the average, or do you take the base wages prevailing in the community?

Mr. MIXTER. That I can not say. Presumably the average is somewhere between the lowest and the best. I have not done that work myself, and I could not say.

Commissioner DELANO. This commission is very anxious to find some common ground in which the parties at interest can agree, and if there are any fundamental principles upon which we can agree, it is very desirable to find them. Do you think there are such?

Mr. MIXTER. Well, there are some fundamental considerations in the way.

Commissioner DELANO. I mean by "fundamental" principles that apply with equal force to the employer and the employee, something where both can have a common ground on which to agree.

Mr. MIXTER. I have something in mind that may not answer your question exactly, but I would like to say it. It is suggested by your question, that I think the commission might well take the view that it is a very dangerous and undesirable thing for Government interference in the infancy of any art. Of course, scientific management is new, and of course it is going to be improved. It is something like the steam engine in the days of Watt and Bolton, and much ingenuity has been put on improving the steam engine since then. This is going to improve. I believe that everything that is objected to now will be smoothed out.

As regards the tax and bonus, the slight amount of error that I injected into some of my answers—I believe that the art can be improved so that it will be amended, and I think it will be most regrettable that if on the ground of some blemish and wrong now some obstacle were put in the way of development and growth.

Commissioner DELANO. Mr. Lennon asked you in his questions—scientific management—he asked you in whose interest it was usually invoked, and you said in the interest of the employer. That is equally true of labor-saving machinery, is it not?

Mr. MIXTER. Why, yes; under the entrepreneur system of cost a man buys a machine and puts in the system that he owns and buys. What I mean by that is that he is a dictator.

Commissioner DELANO. I mean the employers that have vision enough to see the value of improved methods or improved machinery; it is a minority rather than the majority that sees the advantages of things of that kind?

Mr. MIXTER. They are materialists in that way of thinking. Almost everybody is shortsighted and does not get the big idea. If they only saw scientific management and collective bargaining, all of it, was the most valuable machine that they could possibly put into their works—if they could only see that they would do it.

Commissioner DELANO. It is no reflection on the employees in a factory, is it, that they do not suggest the introduction of new methods?

Mr. MIXTER. It is no reflection on them, of course.

Commissioner DELANO. It has been stated as a fundamental economic truth—it was stated, I think, by Mr. Taylor yesterday—that it is impossible for the workman to progressively improve his condition either in wages or in working conditions unless there is an improvement in efficiency—that is to say, an increment in the actual per capita output. Is that true?

Mr. MIXTER. Yes.

Commissioner DELANO. Does your own study and observation convince you of that?

Mr. MIXTER. Most decidedly. I have given a great deal of attention to that. I wrote my thesis on the theory of overproduction. An increased production, of course, is the basis of our whole civilization and the welfare of others. I have an idea on that point. I think the big thing that labor can get out of scientific management is shorter hours. Some questions were asked yesterday which indicated to me that the idea was, would it last? How about the long run? Say you get your 30 per cent now. It is in the nature of things that every art diffuses its effect. In time it is eliminated. It all goes in simply increasing wealth all around. The general public gets it, and our civilization is advanced on the material side. If we are going to have any one big thing to point to, a definite thing that labor will gain out of scientific management, I think it will be shorter hours, and this movement lends itself directly to that. There is no question but what these methods facilitate the movement of the material through the shop. You can do in 8 hours or 7 hours or 6 hours as much as you formerly did in 10 or 12 hours. But if the thing is rightly managed it will not all go in lesser prices and mere higher wages, but in the great big

boon to all working people of shorter hours. I have had enough taste of regular hours so that I know what it means. It is not the health, but it is the time it takes. You can not have citizens of a Republic on 10 hours a day. There is no leisure for the other duties and interests of life.

The CHAIRMAN. Mr. Ballard, have you any questions?

Commissioner BALLARD. Professor, I understand you think it is possible to get some group of employers and some group of employees who can together agree upon some basis of fundamental principles that could be mutually accepted by the public generally as right and fair between the two.

Mr. MIXTER. It has been done in some industries.

Commissioner BALLARD. Have you written any books on that subject?

Mr. MIXTER. No; but I have studied it somewhat.

Commissioner BALLARD. In making these investigations with regard to the time studies, it has been suggested that the employee does not have any representative who stands with the scientific engineer to make those studies. Does the employer usually have some representative who stands by the side of the scientific engineer, or does the scientific engineer work out those things as an engineer and then present them to the employer?

Mr. MIXTER. If he makes mistakes he gets into trouble with several people. There is a system of checks and balances.

The CHAIRMAN. The question is, does the employer go with him when he is making his studies?

Mr. MIXTER. No; certainly not.

Commissioner BALLARD. The objection was that the workman did not have any representative who went along with the scientific engineer when he made his studies. Now, does the employer have a representative with the engineer when he makes his studies?

Mr. MIXTER. No, sir.

Commissioner BALLARD. The efficiency engineer comes as an efficiency engineer, comes at the request of the employer, but makes independent studies by himself and for himself, and then submits them to the employer.

Mr. MIXTER. Rarely does the employer make the time study himself. Somebody connected with the establishment is detailed as time study man, and is taught the method, and is coached by the installer, and then he has to fight it out with the foremen every time he makes a mistake.

Commissioner O'CONNELL. What are the wages of these girls that are working in this electrical goods manufacturing establishment?

Mr. MIXTER. I can answer approximately. In the winding room where the older girls are employed the wages are over \$15 a week.

Commissioner O'CONNELL. And for the younger girls?

Mr. MIXTER. For the younger girls in the assembling room, where the work is very light, it is \$12 a week or thereabouts.

Commissioner O'CONNELL. What are the hours of labor there?

Mr. MIXTER. Ten hours or a trifle less. I believe it is 10 minutes less than 10 hours.

Commissioner O'CONNELL. How long has the system been in operation there?

Mr. MIXTER. I believe something like three or four years.

Commissioner O'CONNELL. The hours have not been reduced at all under it?

Mr. MIXTER. That I could not say. I do not know.

Commissioner O'CONNELL. Do you know whether hours have been reduced anywhere, where the system has been introduced?

Mr. MIXTER. Only by reading.

Commissioner O'CONNELL. Have you in mind any place?

Mr. MIXTER. The Simonds Co., Pittsburgh.

Commissioner O'CONNELL. What hours do they work?

Mr. MIXTER. That is not fresh in my memory now, but it can be ascertained readily.

Commissioner O'CONNELL. You have been speaking, of course, of the Taylor system. You have no new idea. It is the so-called Taylor system?

Mr. MIXTER. Yes; that is the system. According to my notion that is the orthodox system.

Commissioner O'CONNELL. You are simply an advocate of the Taylor system, not of anything new?

Mr. MIXTER. No; not of the various heterodoxies.

Commissioner O'CONNELL. Under the Taylor system or the idea of a bonus, you say a reduction does not or can not take place under this standard.

Mr. MIXTER. That a reduction of time can not take place?

Commissioner O'CONNELL. A reduction of the wages, of the bonus, a reduction of the 30 or 100 per cent, or whatever it is; that if a man is getting that, and that man leaves, that that will be maintained permanently; that no reduction can take place.

Mr. MIXTER. I could not say definitely about the bonus. I do not know that I ever happened to hear about that; but the thing that has been well impressed on me is that the promise that is made is that the time shall never be changed unless the job becomes of a new character, so that it is another job.

Commissioner O'CONNELL. The wage is based on the man's original day rate—that is the standard.

Mr. MIXTER. Yes.

Commissioner O'CONNELL. Suppose a man is engaged in running a lathe, and his original wage was \$3 a day.

Mr. MIXTER. Yes.

Commissioner O'CONNELL. And the standard rate was made and then a bonus was added, making it \$4 a day.

Mr. MIXTER. Yes.

Commissioner O'CONNELL. Based on his \$3.

Mr. MIXTER. Yes.

Commissioner O'CONNELL. Suppose he quits his job.

Mr. MIXTER. Yes.

Commissioner O'CONNELL. Or supposing he is discharged or dies, or a thousand and one things occur, so that another man must be put on the machine, and a \$2 man is put on the machine instead of the \$3 man? What is the difference then between the \$4 and his bonus rate then? Is not that a reduction in the earning capacity of that man?

Mr. MIXTER. I should rather question the fact, unless the character of the work had changed so that you no longer need a first-class mechanic for that work. If they needed the same sort of a man they would take on another \$3 man.

Commissioner O'CONNELL. Is not there a possibility of the reduction of the total earnings?

Mr. MIXTER. Of course, in the absence of collective bargaining there is always that possibility.

Commissioner O'CONNELL. That is the point I want to get at. What is there to protect the individual by maintaining that original \$3 rate, or a better rate as things improve, unless there is some method of collective bargaining?

Mr. MIXTER. In the long run, of course, in any of these shops there may come a king who knew not Joseph, and in the long run there is no guaranty except collective bargaining.

Commissioner O'CONNELL. As I understood Mr. Taylor yesterday, this system has been exactly standardized and never could be changed; that it was absolutely right. Yet I see the possibility which I have just explained, a possibility of a change of the rate of earnings of the man. The total earnings of 100 people in the factory may have been originally \$300 a day. By the bonus system it may be made \$4 a day, but at the end of six months, under the new system, the 100 people may be replaced by 100 other people, and their day rate may be changed, and the total earnings of the 100 people may not be \$200 a day.

Mr. MIXTER. I do not think I could quite agree with you. The base rate would be the thing that would have to give way, and although it was not agreed to by the employer, competitive conditions would establish the base rate. On the whole, I am inclined to think that, the bonus once established, it would be an institution in the shop, and you could not change that. A new man coming on would be told right away, "They are putting something over on you. So-and-so used to get such and such a bonus on that job, and they are not giving you what you ought to have."

Commissioner O'CONNELL. I am not speaking of the bonus. I am speaking of the basis or standard on which the bonus is based.

Mr. MIXTER. That, of course, is a thing which is subject to fundamental economic conditions, including the bargaining between employer and employee.

Commissioner O'CONNELL. In the absence of collective bargaining the employee is solely in the hands of the employer.

Mr. MIXTER. He is solely in the hands of the economic forces that govern the situation, which does not mean that the employer has an absolutely free hand to do as he pleases.

The CHAIRMAN. We will take a recess for 10 minutes.

(At 11:23 o'clock a. m. the commission took a recess for 10 minutes.)

At the expiration of the recess the commission resumed its session.)

The CHAIRMAN. Mr. Ballard has a question which he wishes to ask the witness.

Commissioner BALLARD. Prof. Mixter, in your argument you said that the relative positions of employer and employee in a factory might be considered a little like the relative positions of ruler and parliament in Europe, the parliament aiding the ruler in the establishment of laws. Is there any case in history where a king, emperor, or czar ever volunteered to call for a parliament to help him, or were not the parliament forced on the rulers?

Mr. MIXTER. In the nature of things people who have power very seldom like to relinquish it voluntarily until the pressure has come from the people.

The CHAIRMAN. Mr. Garretson has a question that he desires to ask Mr. Mixter.

Commissioner GARRETSON. I understood you to say that you were absolutely opposed to arbitration as the settlement of difficulties of the character that arise between employer and employee.

Mr. MIXTER. I do not want to be a doctrinaire about that; but I mean—

Commissioner GARRETSON. As a general proposition.

Mr. MIXTER. As a general proposition, as a student of this subject I think that trade agreement and not arbitration by outsiders is the way.

Commissioner GARRETSON. Then if a disagreement arises between the employer and the employee in the formation of the trade agreement, that is when arbitration is usually invoked. You disbelieve in that, do you?

Mr. MIXTER. I think it is better for them to wait awhile and see if they can not come together.

Commissioner GARRETSON. Then, in other words, the causes that create industrial unrest of that character, in your opinion, are not the concern of the public? The public has no right to demand any such method of settlement, you think?

Mr. MIXTER. The public might have a right, but it might not be expedient always.

Commissioner GARRETSON. Who would decide whether it was expedient or not to exercise that right?

Mr. MIXTER. In the last resort the parliament elected by the people.

Commissioner GARRETSON. That is all.

Mr. MIXTER. Their decision is final.

The CHAIRMAN. Mr. Manly of our staff has two or three questions he would like to ask.

Mr. MANLY. Mr. Mixter, you testified, if I have your testimony right, that in case the time set for the task was too short, it was revised if the contention of the employee proved to be correct.

Mr. MIXTER. It is all the time, repeatedly.

Mr. MANLY. If the time-study man makes a mistake and sets the time too long, so that it is an easy task, is it revised under those conditions?

Mr. MIXTER. It stands under those conditions.

Mr. MANLY. Is not the tendency, therefore, for the time-study man to make the task time short in order to avoid being called down by the employer?

Mr. MIXTER. Quite the contrary. The employer does not bother him very often, and he does not want to have the continual trouble of having his times challenged, and having to revise them. They laugh at him of course every time that happens.

Mr. MANLY. If he makes it too long—

Mr. MIXTER. Then it stands. He is laughed at even then.

Mr. MANLY. If he continually makes them too long, is not his job in jeopardy?

Mr. MIXTER. If he continually makes them too long, he is a bungling fellow at his job, and of course he gets discredited, if he habitually makes the time altogether too long.

Mr. MANLY. Therefore his interest is to err in making the task short, because they can then be readjusted. Am I right in that assumption?

Mr. MIXTER. No; I do not think so. Of course while I have not done so much of it, myself, I have gone over instruction cards and so on that other people have made, and I think that the error made is overwhelmingly in the direction of making the time too long. There are various reasons for that.

The CHAIRMAN. Prof. Commons has some questions that he would like to ask.

Commissioner COMMONS. You make a distinction apparently between the one who installs the system and those who make the time studies. The one who installs the system is usually a professional man called in as an expert?

Mr. MIXTER. As a rule; yes; I think.

Commissioner COMMONS. The one who makes the time studies is employed by the employer, on his staff?

Mr. MIXTER. He might possibly be in the employ of the installer, but I think he is usually some one in the employ of the concern.

Commissioner COMMONS. In this case the whole issue turns on the time study. Therefore the person who makes the time studies is doing that under the direct control of the employer and not under the control of the outside professional man?

Mr. MIXTER. There is a sort of double control. That is a part of the system of functional foremanship; and under the spirit of the new method, the staff system in place of the old way, the time-study man is partly under the control of the employer and he is partly under the control of the other man.

Commissioner COMMONS. And if the system is installed, after the professional man leaves the time-study man is totally under the control of the employer?

Mr. MIXTER. In the whole system of things that is a system of checks and balances and laws and rules which are very largely adjusted.

Commissioner COMMONS. It is possible, then, for this professional expert to become simply an employer's expert?

Mr. MIXTER. If I have given the impression that in any real scientific management shop there are hogs employed, that is not so. You can not have scientific management under those conditions, and it does mean a new spirit, a new method, a new set of institutions that interlock with one another, and more and more it is becoming impossible to have evasions and tricks and the exercise of autocratic, undesirable power.

Commissioner WEINSTOCK. In the examination of Mr. Taylor yesterday I rather gathered the impression that the expert stands there as the employer's representative. He is seeking to further the interest of the employer to the best of his ability. He is employed by the employer, and he is there to watch and further his interests; is that correct?

Mr. MIXTER. Yes; to a degree; but with that tempering force that comes always with the professional man. You call in a doctor, and you can not order him to do anything, although you are his employer. He has his standards and ideals of the ethics of his profession, and the same with a lawyer of standing.

Commissioner WEINSTOCK. Is that attitude at all in conflict with the statement yesterday made by Mr. Taylor that as a scientific manager his first thought is the welfare of the worker?

Mr. MIXTER. You mean the thought of the installer of the system?

Commissioner WEINSTOCK. Mr. Taylor's first thought. He practically is the installer, because he has been engaged in that sort of work. He stated that his first thought is the welfare of the worker rather than the welfare of the employer.

Mr. MIXTER. I do not question that that is so with Mr. Taylor. He is an idealist, and the conditions under the old-style management, of the everlasting pulling and hauling and tricks and evasions on both sides went against his grain, and there is no question in my mind but what the root of this whole thing was the idea, "I will get a thing that will be a square deal and take the place of all this."

Commissioner WEINSTOCK. You say Mr. Taylor is an idealist?

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. We know that, as a rule, there is a conflict between the worker and the employers.

Mr. MIXTER. Yes.

Commissioner WEINSTOCK. Mr. Taylor or Mr. Emerson—I have forgotten which it was—pointed out yesterday that you take the cost of the material and the cost of the overhead expense and deduct that from the selling price you get the difference, which is the surplus; and that the issue arises in the distribution of that surplus between the employer and the worker. Now, there is a conflict there, each naturally wanting the larger share of that surplus. So that is a natural conflict. Now, your point of view is that the expert represents the employer's interest primarily and incidentally the worker. Mr. Taylor's point of view was—at least I so gathered—that his first thought is the worker, and the employer becomes an incident in the matter. Now, there is a conflict between your attitude and Mr. Taylor's attitude.

Mr. MIXTER. While I may have given that impression, I did not mean to. I do agree with him upon that. Of course it is a difficult thing to express. The installer is hired by the employer, and he has to work in his interest, and

he must try to make the whole thing not a financial loss. Of course he has his professional attitude to his ideals, and chief among them is to bring a new régime for labor. In respect to the conflict about division of surplus and wages, I am fully persuaded that it is more a great mass of little things, little in themselves, but in the aggregate big, that makes the trouble.

Commissioner WEINSTOCK. He has to sit as a court of equity between the two?

Mr. MIXTER. Most decidedly, and he does if there is any occasion to.

Commissioner WEINSTOCK. And to determine how to distribute the surplus in accordance with his best judgment, wisely and fairly?

Mr. MIXTER. Yes. It is a gain-sharing scheme—the philosophy of gain sharing. An installer is not in a continual fight with the employer, as a rule, because the employer would not be installing scientific management if he had not seen a new light. That is a real, genuine thing.

Commissioner WEINSTOCK. Is the installer a man with full power? Does the employer waive his rights in the matter and subordinate them to the installer and permit him to act as supreme power in the matter?

Mr. MIXTER. To a very great extent after the employer has been persuaded on the main things. He hands it over as a man does a law case to his lawyer.

Commissioner WEINSTOCK. And abides by his decisions?

Mr. MIXTER. Abides by his professional decisions.

Commissioner WEINSTOCK. And does not accept his recommendations subject to his own approval?

Mr. MIXTER. Not in detail. You may change lawyers, but as a usual thing a man does what his lawyer tells him to do, and as a usual thing you abide by his professional decision. To the same degree a man installing scientific management abides by the decision of his installer.

The CHAIRMAN. Mr. Mixter, you stated that you would like to make a statement with reference to the alleged degradation of the stop-watch system. Do that briefly, if you please.

Mr. MIXTER. I have not very much to say about that. I do not think there is anything in it at all. I think the thing is done open and aboveboard. The man knows that he is being timed and why he is being timed, and in particular in my experience, so far as I have done it myself, I should say standing over somebody and asking him about his work, why he does this this way and that that way, and taking his time rather dignifies his work instead of degrading it.

The CHAIRMAN. Is that all upon that?

Mr. MIXTER. That is all, I think, upon that.

The CHAIRMAN. Was there something else that you desired to say?

Mr. MIXTER. Possibly a few things. I would like to make this remark, that I think that the phrase "speeding up" is a question-begging epithet and that it would be much wiser if it were left out, if witnesses would drop it.

The CHAIRMAN. I am not asking too much, am I, if you will confine yourself to any little element of fact that you know instead of arguing, because we have a number of witnesses. I do not want to cut you off, but if there is any fact that you think is significant I wish you would state it and not argue it.

Mr. MIXTER. I understand. There is one statement of fact, and that is that there is a misapprehension in respect to the taking of time studies. Unfortunately on the observation sheets at the last is a column headed "minimum time." That has probably given the impression to a lot of people that we picked out the shortest time. That simply happens to get there by somebody who did not happen to think of the right word. It is the representative time and never the minimum time.

The CHAIRMAN. That is all. We thank you very much, and especially for waiting over.

TESTIMONY OF MR. ROBERT G. VALENTINE.

The CHAIRMAN. Mr. Thompson, will you be good enough to interrogate Mr. Valentine?

Mr. THOMPSON. Will you please give us your name and address?

Mr. VALENTINE. Robert G. Valentine; 75 State Street, Boston.

Mr. THOMPSON. What is your profession?

Mr. VALENTINE. Industrial counselor.

Mr. THOMPSON. Please state briefly to the commission what you mean by industrial counselor.

Mr. VALENTINE. I mean a man who is devoting all of his time to studying the relations between employers, employees, and the public.

Mr. THOMPSON. How long have you been engaged in that occupation?

Mr. VALENTINE. Specifically about 2 years; in principle for the last 15 years.

Mr. THOMPSON. What were you engaged in before those two years?

Mr. VALENTINE. I was Commissioner of Indian Affairs here in the city of Washington.

Mr. THOMPSON. In the last few years, as a student of the relations between employer and employee, what experience, if any, have you had with the so-called efficiency systems, naming places and where?

Mr. VALENTINE. I have run into it on the slant in a number of places. I prefer not to name all of the places, because my work is of a professional character.

Mr. THOMPSON. Name the number, if you can, without naming the individual plants.

Mr. VALENTINE. A half dozen cases.

Mr. THOMPSON. Have you in these examinations been called upon to make a fairly extensive study of the relations between the employer and the employee?

Mr. VALENTINE. Yes.

Mr. THOMPSON. Are there several efficiency systems, so called, on the market, if I may use that term, open to the choice of the employer?

Mr. VALENTINE. Several so-called ones.

Mr. THOMPSON. Is it not uniformly the case that the efficiency system is put in at the instance of the employer?

Mr. VALENTINE. If I may be pardoned, I think it is absolutely futile to generalize about these things, and I also think it is likely to leave a mistaken impression with the commission if you delve into some of the details before getting the general principles and points of view clearly before the commission. For instance, I was very sorry to see so much emphasis put upon the payment plans in the case of the last witness. It seemed to me it was leading the commission astray. You will pardon me for that criticism.

Mr. THOMPSON. Have you a concise statement that you would like to make in accordance with what you have just suggested to the commission?

Mr. VALENTINE. I should not want to make any statement, because it does not seem to me that a public hearing is the place to do that. In a word, it seems to me that a good many of us are here upside down and wrong end first on this whole thing. Briefly, just to be personal, in order to be concrete and short, I am a thorough-going democrat first, and a believer in the best ways of doing things as a pretty close second, and I think that must be the direction from which you approach the thing.

Mr. THOMPSON. In other words, if I understand you, you believe that the introduction of an efficiency system must come from democracy. Is that right?

Mr. VALENTINE. With a very humble sense of the dangers, I still feel that the dangers from that direction are less than any other.

Mr. THOMPSON. Then, from that principle which you have as a cardinal principle of your view on the relations of the employer and employee, would it not be essential that the employee in any given shop should participate from the beginning in the introduction of any efficiency system under which he should be required to labor?

Mr. VALENTINE. I not only think the individual should so participate, but I think he should participate as a part of the union.

Mr. THOMPSON. Then you believe that in connection with the introduction of the efficiency system there should come in, as one of its first principles, the effect which we would call collective bargaining?

Mr. VALENTINE. Yes, sir; and the whole system of constitutionalism^a and industry as leading to democracy in industry.

Mr. THOMPSON. What do you mean by the term "constitutionalism in industry"?

Mr. VALENTINE. I mean a rather condensed progress in the present day of precisely the same thing we have seen going through the political governments throughout the world—principles of representative government, of checks and balances, of all concerned having a voice and being connected with an educative process in making determinations.

Mr. THOMPSON. Mr. Mixter, the last witness on the stand, stated to the commission that in the introduction of an efficiency system in any plant or shop such introduction should be at the instigation of one of the parties, namely, the employer, and that in this introduction the participation of the employee would lead to confusion, or at least would very greatly hamper and hinder the

efficient introduction of the efficiency system. What have you to say on that point?

MR. VALENTINE. I disagree with Dr. Mixter. I prefer confusion to catastrophe.

MR. THOMPSON. Why, from your experience, do you prefer confusion to catastrophe?

MR. VALENTINE. Because I think we have in our modern life two ideals which have got to work out together—science and democracy. I think every one of us recognize that if you could have a beneficent despot, omniscient and omnipotent, he could make the world better at once. I simply do not think that is a feasible ideal.

MR. THOMPSON. That is what follows from what you say, Mr. Valentine, if I reason correctly, that that would be better than no efficiency system be introduced at all than that such a system should be introduced without the concurrence and the cooperation of the employees? Is that right?

MR. VALENTINE. In the interest of trying to clear the air, I will assent to that absolutely. Of course, you will recognize, and all of you will recognize, there are common-sense ways of approaching these things, but that is the principle, and it is right.

MR. THOMPSON. From your study of the relations of employer and employee, what is it in that relationship or in those relations which makes you feel that the introduction of these efficiency systems can be made to accord with democracy?

MR. VALENTINE. Because, in my experience, I have found that neither side possessed a monopoly of the brains.

MR. THOMPSON. Have you had any practical experience in any case or cases wherein efficiency systems have been introduced with the cooperation of the employee?

MR. VALENTINE. I have slanted on them. I have not been very deep into it.

MR. THOMPSON. Give us your slant.

MR. VALENTINE. I know one store where that is going on at the present time. I know of a printing plant where it is going on at the present time.

MR. THOMPSON. That is, the introduction of the system?

MR. VALENTINE. Yes, sir; although, please pardon me, I do not like tags; I do not like the words "system" or "efficiency." I like the words "democracy" and "doing things in a scientific way."

MR. THOMPSON. You may use, of course, Mr. Valentine, your own words.

MR. VALENTINE. I want simply to indicate that I think we lose a lot if we do not get below a lot of the tags that have been bruited around the world in the last 10 years down to the essential principles for which these tags more or less incompetently stand.

MR. THOMPSON. Are you aware of any case where, now using the accepted phrase, efficiency systems have been introduced without the concurrence of the employee, which has resulted in any injury to the employees of the shop?

MR. VALENTINE. It seems to me that is too big a question for any man to answer. I should not feel that my answer was of any value to this commission, and in evading answering I would suggest that, for instance, when this commission is in the neighborhood of Boston it go out to and hold a hearing on the grounds within the walls of this one at the Plympton Press at Norwood. That visit would be worth hours of my taking your time here.

MR. THOMPSON. How large a plant is that?

MR. VALENTINE. That is a fair-sized printing and bindery. I do not recall the number of employees, but it has worked out a great many of the principles which are here in debate.

MR. THOMPSON. You do not know whether they have 500 or 1,000 or 2,000 employees, or more or less?

MR. VALENTINE. I should say about 1,200. [Addressing some one in the audience:] Is that right? About 700 or 800.

MR. THOMPSON. If there is anybody in the audience who knows—

MR. VALENTINE (interrupting). That is right. He has tipped me off. [Laughter.]

MR. THOMPSON. Will you describe, if you know, Mr. Valentine, the method by which the so-called efficiency system or scientific management was introduced into either this last-named printing shop or elsewhere that you know of? What was the machinery used to bring the employee and employer together?

MR. VALENTINE. I would be glad to answer that question if you insist on it, but I think it would be a waste of your time. It is a thing so complicated, so

much a shop detail, that if this commission really wants to know what is done there, it should go and see. You can not get at these things, it seems to me, by sitting up here with a public hearing.

Mr. THOMPSON. To divide the matter up, Mr. Valentine, did the employees have a voice in the selection of the expert who took time studies, if they were taken?

Mr. VALENTINE. I think not, sir.

Mr. THOMPSON. That person was employed by the employer?

Mr. VALENTINE. I imagine so.

Mr. THOMPSON. Were the conclusions of the time-study expert subject to review by any committee or body of which the employees comprised an equal proportion with the employers?

Mr. VALENTINE. I am not sufficiently familiar with the details of that particular place to answer that question.

Mr. THOMPSON. Then, why do you say, Mr. Valentine, if I understood you correctly, that the employees in that shop participated and cooperated in the introduction of the efficiency system?

Mr. VALENTINE. I do not really think I said that. I think they had had some hand in many aspects of it, because in certain branches there they have collective bargaining on hours and wages, and have had for some years.

Mr. THOMPSON. In this particular shop?

Mr. VALENTINE. In this particular plant; yes, sir.

Mr. THOMPSON. Do you know on what matters they have a trade agreement?

Mr. VALENTINE. They have trade agreements on hours and wages with certain local unions, but I could not tell you off the card. That is the kind of thing a person hates to answer except from the records; there is so much loose talk about these things.

Mr. THOMPSON. Leaving out of consideration the name of any plant—there may be some reason to not state it—what voice, if you know, have the employees had anywhere, either in selecting the expert who made the time study, or on a committee who should finally accept or reject his conclusions after the time study?

Mr. VALENTINE. Speaking generally, I should say the employees, either individually or collectively, had had very little voice in such selection.

Mr. THOMPSON. Then, you know of no plant where this occurred?

Mr. VALENTINE. Not in a way that I should personally consider ideal.

Mr. THOMPSON. Then, your conclusion or your statement in the beginning was a statement as to what you think should be done from your study of the relations of the employer and the employee?

Mr. VALENTINE. Yes, sir.

Mr. Thompson. In your opinion, Mr. Valentine, would that obviate or tend to obviate the complaint over the so-called speeding up, which unions make against efficiency systems?

Mr. VALENTINE. It would, sir.

Mr. THOMPSON. Even to the extent of reiterating what has already been well said, I understand, Mr. Valentine, that you believe in the principle of collective bargaining as applied to the introduction of efficiency systems or scientific management in shops and factories?

Mr. VALENTINE. Yes, sir.

Mr. THOMPSON. That is all.

The CHAIRMAN. Prof. Commons, are there any questions you desire to ask at this time?

Commissioner COMMONS. Mr. Valentine, it seems to me the terms which you have used have been quite vague and general. They have been terms of political science, of government, rather than terms of shop. I presume you certainly have thought this out in terms of shop management; and while you say that we can not get the general principles here, but we must go and visit the factories—

Mr. VALENTINE (interrupting). I beg your pardon; may I interrupt?

Commissioner COMMONS. Yes.

Mr. VALENTINE. To get detail you must go and visit the factories; to get scientific appreciation you must visit the factories. I do not think the kind of things you have had this morning bring out those principles.

Commissioner COMMONS. Would it not help, in visiting the factories, in order to ascertain the detail, to first get some principles that we might apply or test as we go into those factories?

Mr. VALENTINE. Very greatly, sir.

Commissioner COMMONS. You certainly must have thought out some principles or some standard of tests, as here you have two very conflicting things. They have always conflicted in the history of government and in the history of industry—efficiency and democracy. I suppose that would be stating it in the way you would state it?

Mr. VALENTINE. I very much like that way of stating it.

Commissioner COMMONS. You have figured out, evidently, some way of harmonizing these two, and it must be upon some general principles. You must have developed them fully. This commission certainly has not.

Mr. VALENTINE. No wise man has.

Commissioner COMMONS. It is up to this commission to develop such principles. If we can not, we will have to say so. Would not you assist us by starting off on some principle of harmonizing efficiency and democracy in the shop on what would perhaps be a more general principle which you would lay down and then pass on to some more detailed principle?

Mr. VALENTINE. If the commission request it, I would be glad to be that goat, if it would really help you in your work.

Commissioner COMMONS. Suppose we start out on that idea, that you will be the goat [laughter]—and you are not committed to anything that you suggest or propose as principles. But we would like to have some principle of this character. It seems to be quite fundamental. If you will mention what occurs to you in any order, we shall be glad to hear it.

Mr. VALENTINE. I will be glad to do so, if the commission will very rudely check me up if I get astray or take too much time.

It seems to me that if we are going to get at this thing right we have got to be, at the start, pretty vague, because we have got to be comprehensive; we have got to see the whole field. We can not peek into it at any point. A good deal of what I have to say will strike you as vague, ideal, and merely hopeful of a future condition; but there again it seems to me that unless we see where the trend lies we will be continually getting off the road. With the best vision we now possess we have got to fix our eyes on the mountain peaks and then climb up for them. So again I will ask you to excuse things that seem general or abstract.

I have had a number of, to me, very significant experiences in the last 10 years which led to this tentative idea that I now hold. At the present time, for example, I am serving as chairman of the first wages board of Massachusetts.

Commissioner COMMONS. You mean under the minimum-wage commission?

Mr. VALENTINE. Yes. At the table are grouped six representatives of employees, six representatives of employers, and three representatives of the public.

I would like to say, if I may—and this particular sentence I would like not to have put on the record, because it might injure some of the things we are trying to do before that board; but I will give you confidentially and as vaguely as this audience can remember it what is happening there.

The CHAIRMAN. Mr. Reporter, please omit this until such time as the speaker indicates you are to go ahead.

(Here ensued a statement by Mr. Valentine and some informal discussion between Mr. Valentine and the members of the commission which, by direction of the chairman, was not spread upon the record.)

Mr. VALENTINE. Among the employees on that board is a representative from the cigar makers' union; also a representative from the telephone operators' union, a young girl with whom I was associated in a recent fight of Boston against the telephone company, where we won some quite substantial victories. In addition there are four brush workers—this is a board in the brush industry. One of those has shown very keen judgment. So there are three of the workers whom I would consider an addition to any council table. Please do not think I am sentimental about this or making any plea for the down-trodden workers. They do not need it from me.

Commissioner COMMONS. Three of these apparently represented organizations of labor and the others were unorganized employees?

Mr. VALENTINE. Two represent the ideas and training and intelligence of organized labor and four represented the unorganized employees in the brush business itself.

The point I would like to bring out is that I consider, from what little insight I have got into it, the kind of debates that are going on around in trades-union rooms is the hope of democracy in this country; in stating this point very briefly and without elaborating it, I trust you will realize that they need to be

elaborated before they are finally accepted, but to save your time I will just state them.

It may save your time further by briefly summarizing the facts that experiences like that on the brush board, and experiences in a number of factories and stores and various other plants have led me to feel that is one of the inescapable elements of the situation, and the right point of view. I have been very much interested in learning all I could about the system that is before you under the label of scientific management, and I am losing no opportunity to investigate the workings of that system, and I am frank enough to say that I have not got far enough at the present time to feel that my testimony on that particular point is of any value further than I will now lay before you.

In the first place I believe in constitutional democratic government developing steadily in industry as it has developed in politics, and tending toward an honorable democracy in which everybody from the most skilled to the unskilled laborers will have a generally recognized opportunity. That seems a little too much like a political speech and a little grandiloquent.

Commissioner COMMONS. Will you state that in terms of shop industry? What does that mean?

Mr. VALENTINE. It means this, in a certain plant they have two ideals, the cooperative ideal on the one hand, and an attempt on the other to pay dollars per unit of efficient service rendered. The present result to-day is, the way it is lined up, that there are two hostile ideals at each other's throats. The thing is being conquered by the establishment of a very carefully worked out series of committee systems in that particular plant, and not merely by harmony committees, or other details, but one committee which gathers together all the opposing elements, and the elements which if left alone would be most destructive of real cooperation in that concern. The tendency is steadily growing to keep these now rather hostile ideals from remaining longer at each other's throats, and endeavoring to make them become useful, in reconciling hard-fought differences of opinion in that concern, by which the concern will really grow. The question of discharge, the question of discipline, in that particular concern, is handled by the employees, and the employees do things that no autocratic employer in the world would dare to do; and they are just about it; they are very just.

Commissioner WEINSTOCK. You say that is the prevailing condition in a certain establishment?

Mr. VALENTINE. Yes.

Commissioner WEINSTOCK. Would you object to naming it?

Mr. VALENTINE. I would not be allowed to name that particular concern.

Commissioner COMMONS. Interpreting that in terms of what you mean by constitutionalism, it means that all the elements of employer and employee, those two elements should be represented on committees dealing with the particular issue or a number of issues; to use your idea, that there should be an odd party jointly selected by both sides to sit with them?

Mr. VALENTINE. My mind is in a very fluid state in regard to that. I think so far as possible the method of conciliation without a third party is wise. I am inclined to think—for instance, it was suggested to me by the preceding testimony—I am inclined to think that the ideal arrangement for the future in regard to systems of efficiency would be to have—supposing you had the time-study man, there would be one time-study man representing the employer, and another time-study man representing the union, and that the expert, so-called installer of the system—I don't like that word, but I will not spend my time objecting to words—the so-called installer of the system in that case, so far as he brings scientific knowledge which neither side possesses, would alone be the third party, who would have the final word.

Commissioner COMMONS. Who would have the final word?

Mr. VALENTINE. In the final analysis I think an organization in which both the employer and employee were represented would have the final word. Under other cases, as is now the case under the protocol in New York, where the wage-scale committee, as you know, is paid equally by both sides, some system of arbitration can be devised.

Commissioner COMMONS. They have an odd man that they have agreed on?

Mr. VALENTINE. Yes.

Commissioner COMMONS. You think a system of that kind could, by your installing scientific management, conduct its continuous operation thereafter? I am referring now to the distinction made by Mr. Mixer, which you heard?

Mr. VALENTINE. Yes.

Commissioner COMMONS. What is your idea about the differences in dealing with these two questions by such an organization as you propose?

Mr. VALENTINE. If I understand your question—and if I do not answer it please check me up—I think the situation that we have developing under the protocol in the garment trades—that is, the labor wage scale board—is one of the experiments that is most worth trying at this time, and they will go on from the statistical side of the situation to a real scientific analysis of all the rates in that industry, and that will, after receiving the approval of representatives of the unions and representatives of the manufacturers, be the common and statute industrial law of that industry.

Commissioner COMMONS. That is on the piece rate, which in the efficiency system would be that each time study would be conducted by this joint board of three?

Mr. VALENTINE. It would be conducted by this board of three through its expert, paid half by the workers and half by the employer.

Commissioner COMMONS. Who would have the final decision?

Mr. VALENTINE. The machinery now in existence, which I think has been very carefully outlined to you.

Commissioner COMMONS. Which would be this arbitrator; this odd man?

Mr. VALENTINE. Yes.

Commissioner COMMONS. And in cases where they could not agree he would decide?

Mr. VALENTINE. Yes. Personally, I think such a board should consist of three men; I think it would be unwise to leave it to one man.

Commissioner COMMONS. That is a detail?

Mr. VALENTINE. That is a detail.

Commissioner COMMONS. Would you introduce this at the beginning of the installation of the system?

Mr. VALENTINE. Yes.

Commissioner COMMONS. Have you thought out how you would take it up with the union and with the employer?

Mr. VALENTINE. Yes.

Commissioner COMMONS. How would you do that?

Mr. VALENTINE. I would go straight to him, which, simple as it sounds, is not often done.

Commissioner COMMONS. And that is another detail?

Mr. VALENTINE. That is another detail.

Commissioner COMMONS. Now, then, as I understand it, the general principle you have is that efficiency can be harmonized with democracy; it is recognized that there are two antagonistic elements, and they proceed to install efficiency under their joint direction, with the odd man agreed upon between them to settle points where they can not agree. Does that sum up the statement?

Mr. VALENTINE. That would sum it up pretty well, except that I think a little wrong slant is given by the emphasis you put on the odd man. I think a board of five should sit on that proposition, made up entirely within the industry, or with an outsider who knows the industry, or one or two outsiders who know the industry, I think that board could make a finding which would not be arbitration in the usual sense of the term, that will insist upon such a presentation of facts that, even on a board of that kind, the finding will be very likely to be unanimous.

Commissioner COMMONS. Have you undertaken to install a system of this kind in any place?

Mr. VALENTINE. This committee work?

Commissioner COMMONS. Substantially what you have stated.

Mr. VALENTINE. Yes; I am doing it in two places now.

Commissioner COMMONS. Two places?

Mr. VALENTINE. Although I do not like to call it installing, because I am not an efficiency man myself and not an engineer or anything of that sort. My whole duty is that of studying the relations between employers and employees, and I only come to the engineer and the accountant on the edge of things.

Commissioner COMMONS. We would like to get a name for your job so as to identify it with some things possibly that have been before us. Would you be called a negotiator between capital and labor?

Mr. VALENTINE. No; because my only interest is in trying to produce the facts on which my client, whether he is an employer or an employee—and I have had both kinds—can act. I am not a compromiser or an investigator. I am just as much of a scientist in my field of establishing relations between employer

and employee and their relation to the movement of the times, as is the engineer in his field or the chemist in his field. I call it an industrial counsellor, for lack of a better name.

The CHAIRMAN. He calls the work industrial counseling, and he would be called an industrial counsel, perhaps; is that right?

Mr. VALENTINE. Yes.

Commissioner COMMONS. Can you give us samples of anybody else in the country who is doing anything like that?

Mr. VALENTINE. I think I am the only crazy person.

Commissioner COMMONS. So we can not class your profession?

Mr. VALENTINE. I hope there will be a lot more; I think it is a profession in itself.

Commissioner WEINSTOCK. Prof. Commons, we might get some light on it if you would ask him just what his function is in a plant; just what he does.

Commissioner COMMONS. I rather thought he had described that pretty well, telling how he has handled this minimum-wage negotiation.

Commissioner WEINSTOCK. No; he is an official there, a State official.

Mr. VALENTINE. But still true to my private job.

Commissioner COMMONS. As I said, you simply try to act for both sides?

Mr. VALENTINE. Yes. I think I am at perfect liberty to mention this telephone situation, because it has been made public outside of myself. In adopting a professional attitude about these things, I do not talk about them unless my client makes them public, and this is a public record.

Very briefly, some months before anybody in Boston knew that there was likely to be trouble, the telephone operators consulted me about certain demands that they were planning to make. We worked those over for a period of six weeks, until finally, when things reached the crisis and things were on the verge of a strike, and the company had introduced several hundred strike breakers into Boston, these met in conference with members of the Boston Chamber of Commerce and with officials of the company, and they had so prepared themselves that they won point after point hands down, and among other things they won was the little tentative, puny beginning of a joint board for the telephone industry in Boston.

Commissioner COMMONS. And in that instance you would probably be called ordinarily the business agent of the union?

Mr. VALENTINE. Very likely.

Commissioner COMMONS. And in case you had been employed by the employers, what then?

Mr. VALENTINE. The only reason that I have let you drag me into this personal history is because it does illustrate this one thing, which is important, I think, for your consideration. I did not try to help these girls win their case irrespective of whether they were right or wrong; I did not tell them a single thing that I would not have told the telephone company if I had been employed by them. But, to make it concrete, there was a little book that was published by that telephone company which took the attitude of a school teacher with a pupil. It says, "When you speak of this company you will speak of it as our company."

Now, the last thing that hates to be talked to as if she was a pupil is a young girl telephone operator, because she has graduated from school. I told the girls that I thought they had a right to feel bad about being talked to in that way, and if the company had talked to me in that way I would have told them that that was a fool book to issue.

The point I want to make is that it is just as scientific a field and it is just as indifferent, it seems to me, an attitude that this commission could assume—if I might be pardoned for suggesting an attitude it could take, and that it undoubtedly is taking—is that there is a field in these industrial relations, an absolutely neglected field at the present day, which has just as scientific a value and is just as capable of being reduced to human facts, as the engineering field.

Commissioner COMMONS. That would be the general way in which you would go at it—on the lines of democracy.

The CHAIRMAN. We were at a point, if he went into a plant to represent the employer he would give us some information.

Commissioner COMMONS. You yourself are a believer in some system which might be called scientific management?

Mr. VALENTINE. I am absolutely a believer in thoroughgoing efficiency operation. The difference I have with my friends is that I believe in going at it from a different end and a different point of view.

Commissioner COMMONS. You believe in going at it from the standpoint of democracy; is that the only difference?

Mr. VALENTINE. That is a pretty big difference.

Commissioner COMMONS. Would you say that that is the only difference?

Mr. VALENTINE. In essence; yes.

Commissioner COMMONS. I think a number of them expressed very briefly their ideas on collective bargaining as applied to this; I do not know whether you heard them or not.

Mr. VALENTINE. I did not, sir; no.

Commissioner COMMONS. If you should take it up from the standpoint of the employer and introduce a scientific management system in an establishment, how would you, as his agent, then proceed with the employee?

Mr. VALENTINE. I would not proceed until I had put the question up to the employees and got their collective assent to the proposition. Now, a lot of people will say that I am an absolute dreamer and a crazy man; that it would not be possible to get them, but my actual experience in putting things, as I said a little while ago, straight to them, is that if you get the question of control right at the start I think you can do these things.

Commissioner COMMONS. Then you base that on the ground that the laborers are more intelligent than the employers?

Mr. VALENTINE. By and large, I do not think there is much to choose. You know Walter Lipman, I think, has stated that the reason there will never be a class war in this country is that the employers have not got the collective intelligence to solidify themselves into a fighting class, and under our collective system I think there is a great deal of truth about that.

Commissioner COMMONS. Will you think of these things later and take the trouble to write down for the commission a collective formula of your principle, bringing that out in some sort of systematic way? You remember Mr. Taylor presented to us some principles.

Mr. VALENTINE. I did not hear him.

Commissioner COMMONS. You can easily get access to that testimony, and if you could formulate that so that we would have it a little more definitely, I think we would appreciate it. I believe you could do that.

Mr. VALENTINE. I will be glad to do the best I can.

Commissioner COMMONS. That is all.

The CHAIRMAN. Mr. Delano?

Commissioner DELANO. No; thank you.

The CHAIRMAN. Mr. Ballard?

Commissioner BALLARD. I had two or three questions, but I am not certain that it is worth while to take up the time of the commission, but I will ask this: Do you think it is possible to get the employer and the employee together as two different classes, through their committees, to agree on certain fundamental principles which could be accepted by both sides as a starting point for collective bargaining?

Mr. VALENTINE. I do, sir.

Commissioner BALLARD. That has never been done.

Mr. VALENTINE. I think there have been some pretty good starts made in various places. I think there is a strong drift in that direction.

Commissioner BALLARD. Would you accept it as a right principle, which the unions sometimes enforce, that after they have got a shop well organized and known as a union shop, to refuse to use tools or implements of a nonunion plant?

Mr. VALENTINE. I don't believe I quite catch that.

The CHAIRMAN. The stenographer will repeat it.

(The question was repeated by the stenographer.)

Mr. VALENTINE. I am glad you asked that question, but I will answer this question first and then I will add to it. Yes; I consider that their stand against the use of tools that in any way brings them into cooperation with nonunion men is a right principle.

Commissioner BALLARD. Or refusing to work with nonunion materials and things of that kind?

Mr. VALENTINE. I can see 20 reasons why, under certain circumstances, I should consider a union entirely justified in so refusing. I might say, in further amplification of that, that personally—this is my own personal feeling—I have the feeling that if I were a workman and refused to join in or participate in a union, that I should either be as ignorant of or as false to duties as a citizen as if I refused to vote to the best of my intelligence and ability at a political election.

When I say that, I do not mean that I stand for certain attempts to drive nonunion men into a union; neither do I stand for a whole lot of the crimes that are committed in the name of the freedom of individuals. All our legislation, for instance, to keep children out of factories and get shorter working hours has been opposed in State after State on the ground that it interfered with the liberty of the individual. I do not stand for a kind of liberty of the individual that is opposed to those things.

Commissioner BALLARD. To carry out that thought to its limit, if a unionized plant refuses to use the tools or material of a nonunion plant, and if the men were forced through that method to become unionized, then we might give up our whole government to the union man and have no other government; that would be government enough.

Mr. VALENTINE. I am not sure that the day is not coming when the union will be one of the great big factors of the government of the future. Where I would like to modify my answer to that question is this: It has long been my belief, and every month I feel it increasingly, that if employers stopped fighting organizations as organizations and simply devoted themselves to fighting what they regard as economic fallacies, which employers in common with employees and all the rest of us are committing, they would get a lot further.

In other words, while labor unions have to fight for their lives as labor unions, I can not only intellectually forgive them for the things that they do, but my candid belief is that when they no longer have to fight for their organization they themselves will do a lot of things which we now wish them to do.

They have found it necessary because they have been jammed into fighting bodies to do things which friends of mine among them tell me they hope the day will soon come about when these things are no longer necessary; that the time for doing them will soon go by.

Commissioner WEINSTOCK. One question. This is just in passing. Will you be good enough to explain how the two panels of six each were chosen on your wage board?

Mr. VALENTINE. They were selected in this particular case by the minimum wage commission; the commission, I think, would prefer to have them selected, if there had been a labor organization in the industry or any kind of group organization, to have them selected by that.

Commissioner WEINSTOCK. You simply looked among the employers and picked out the six men you thought would be the fairest?

Mr. VALENTINE. The commission did that; the commission that is over us chose the board.

Commissioner WEINSTOCK. You mean that the commission looked over the field and picked out six employers and six workers and three representing the general public and appoints them?

Mr. VALENTINE. But they do it through asking the employers to submit names and make nominations, and through taking the workers as a group, whether organized or not, and asking them to submit names.

Commissioner WEINSTOCK. How can so-called unorganized workers submit names?

Mr. VALENTINE. That was the difficulty that they had. They had to drift through the shops and pick the most intelligent people that they could find. That is the defect in that method.

Commissioner WEINSTOCK. The two sides submitted a list of names, and out of this list of names the commission chooses a panel?

Mr. VALENTINE. Yes.

Commissioner WEINSTOCK. Is it not done by any elective system?

Mr. VALENTINE. No; I think it should be, and there, I think, is a very important point in connection with arbitration proceedings, where, for any reason they have to become arbitrators, they should be picked from panels, so that there will be an easy veto if there are personalities disagreeable to both sides. Some of these people pick out impossible personalities.

The CHAIRMAN. Dr. Barnett, do you care to ask any questions?

Mr. BARNETT. No.

The CHAIRMAN. Mr. Garretson? Excuse me, Mr. Garretson has a question. Commissioner GARRETSON. You know that there are certain practices indulged in by labor organizations that are in reality nothing but a weapon to be utilized in the fight for existence?

Mr. VALENTINE. I have that feeling; yes.

Commissioner GARRETSON. Now, in relation to this—I want to understand one thing about your present position; that is, as an industrial counselor—you

hold that the vocation of a man in your position is, whether attained by employer or employee, to insist upon the doctrine of accepting the equities as they appear to you?

MR. VALENTINE. With the exception of substituting facts for opinions.

The CHAIRMAN. Mr. Lennon says that he has no questions to ask, so that will be all, Mr. Valentine. Thank you very much.

We will adjourn now for luncheon, to convene again at 2 o'clock sharp, and after luncheon Mr. Dodge will be the first witness.

(Whereupon a recess was taken until 2 o'clock p. m.)

AFTER RECESS—2 P. M.

The CHAIRMAN. The commission will please come to order. Mr. Dodge will take the stand.

TESTIMONY OF MR. JAMES M. DODGE.

The CHAIRMAN. Mr. Thompson, will you interrogate Mr. Dodge?

MR. THOMPSON. I have some questions here which have been prepared by the craft, which I will put to you. If afterwards you care to make any further statement, you will be given that privilege. First, I will ask your name, residence, and business.

MR. DODGE. My name is James Mapes Dodge. I am chairman of the board of the Link Belt Co.

MR. THOMPSON. Where is that located, and how long have you been connected with it?

MR. DODGE. The Link Belt Co. has three shops, or four, really—two in Indianapolis, one in Chicago, and one in Philadelphia.

MR. THOMPSON. How long have you been connected with that company?

MR. DODGE. For 35 years.

MR. THOMPSON. And in what positions?

MR. DODGE. The Link Belt Co. was organized only a few years ago, but I was with one of the component companies—the Ewart Manufacturing Co., in Chicago—35 years ago; and then I have been in that same business with the same people ever since.

MR. THOMPSON. What did they manufacture?

MR. DODGE. Elevating, conveying, and power-transmitting machinery. Before that I served two years with John Roach, in shipbuilding, and I have been through every phase, every stage, of mechanical occupation.

MR. THOMPSON. Now, I will put to you the first question that is prepared in written form here: "Please give a brief account of the introduction of scientific management into plants in which you are interested, describing in general the system installed."

MR. DODGE. Mr. Taylor, who was before you yesterday, and a Mr. White invented what is known as the Taylor-White steel. The Taylor-White steel, when used as a tool in a lathe, or on a planer, would do variously from 5 times to 20 times as much work as any of the then existing steels. I heard of this and went up to Bethlehem and saw it and bargained with the Bethlehem Steel Co. for the use of the Taylor-White steel. We were the first people that ever made a bargain with them at all.

We then got some of the steel, brought it to Philadelphia, and tried to use it on cast iron, and it was a failure. The steel that would cut almost the hardest known steel, like armor plate, would not cut cast iron. The reason was that the peculiar principle of Taylor-White steel, or high-speed steel, is its enormous strength when it is hot, and a tool made of that steel would take a peeling off of a piece of steel that was turning in the lathe the same as you would take a peeling off of an orange. Your fingers do not go into the place where the peel and the orange are united and cut them loose from each other, but they pry the outside layer off. That attribute of the Taylor-White steel, doing this wonderful work, would lead a person, naturally, to suppose that it would cut cast iron the same as it would a piece of cheese; but it appears that in cutting cast iron the tool has to go right in there and work on the particles of iron with its cutting edge.

I made some tools in Philadelphia for turning off big pieces of steel. One of them had four little steel balls in the end instead of a cutting edge, and the other had a little roller, and as long as we could keep those things lubricated it kept taking off a layer of steel on the outside. But it was a very difficult thing

to keep it lubricated, and as soon as you failed to keep it lubricated it was ruined. That shows the wonderful difference between cutting cast iron and a piece of steel. We started then a series of experiments, with the aid of Mr. Taylor, and a steel was developed that would do equally good work on cast iron. That cost a great deal of money and took a number of years. Just as soon as we saw that a lathe would do twice or three times as much work with the Taylor steel as it had done before, we realized that our old piece rates, our old methods of management, were not in harmony with this new development.

We found that the tools themselves—the lathes and the planers and everything we had—were too weak to properly use this high-speed steel. We rebuilt the tools that we could, and eventually we ordered new tools properly made for use. At that time, if we were going to buy a lathe, the salesman would come in and want to sell us lathes, and we would say, "How much power does your lathe take?" and if it was 5 horsepower, we would say, "How much does this other take?" That would be 4 horsepower, and we would buy the 4-horsepower lathe, because that was cheaper to run.

After Mr. Taylor, Mr. Barth, and Mr. Gantt began with their practical work, then when a man came in to sell us a lathe, we would say, "How much power can we safely transmit through your lathe to the cutting tool?" and the man that said the most, up to 50 or 60 horsepower, he was the man that we dealt with.

Now, there was a revolution in the tools of the trade. It was no revolution in the workmen; it was no revolution in the boss; it was simply a fact, the same as Maximite is better for some things than gunpowder. It required an adjustment of everything. So, then, we felt and knew that we would have to have management, accounting, and everything that goes with it, in our business, commensurate with this wonderful discovery.

Mr. Taylor had been working on this shop management—he called it the "art of management"—for a great many years; some 35 or 30 years ago he started, and about 15 years ago or so—12 or 15 years ago—he published a paper on the subject. We had known Mr. Taylor, and we knew the manner of man he was, and we immediately made up our minds that if we were going to have a shop that was thoroughly abreast of the times, we must have not only high-speed steel and the best tools and the best electric driving, which we were pioneers in putting in, in a sense, but we would have to have a commensurate management. So we asked Mr. Taylor what he could do for us. Mr. Taylor was not in active business. He was a man who had retired with a very handsome competence, and all made—all except what he got out of this high-speed steel—from his own ability as a manager in taking different concerns and managing them.

So he said that he could not do anything for us except in an advisory way. We said, "Well, what are we going to do now? We want this thing. We want all your experience here." He said, "Well, the best thing I can tell you to do is to engage Mr. Barth," and we engaged Mr. Barth in 1905.

Now, you see that is about 12 or 13 years ago. Mr. Barth came to our place, and he had been a student under Mr. Taylor, and he came there to tell us what to do. Mr. Barth, with frankness that is not usual, said that he was a student himself, and that if we were willing to let him come in our shop and try to do the things that Mr. Taylor talked about, he would undertake the job.

Almost the first day he was there my associates said to Mr. Barth, "What are you going to do for us?" He said, "I don't know. How can I tell until I get into it?" That was his answer. He said, "How can I tell?" That sounds as though we were foolish to engage Mr. Barth, but all the people who have known him, who knew him then and have known him since, know that that was a perfectly truthful answer. He did not know where he was coming out in that deal; but with Mr. Taylor's suggestions, and with some little bit of help, but with a great deal of hindrance, from us, at the end of four years—was it not, Barth?

Mr. BARTH. I was with you four and a half years, off and on.

Mr. DODGE. By the time he had been there four and a half years, and we had tried all we knew how to help him, Barth went to other fields and left us with what is still the Taylor system of management.

You see that has gone on for nearly 10 years. It was four years and a half that he was with us, and we have had it practically in full operation for six years. No other concern in the world has had that system in operation for a longer time than that. Mr. Taylor came to see us as often as he could. He was not

in very robust health. Mr. Barth has a fatherly eye over us, and we have followed out the principles that they inculcate.

Mr. THOMPSON. With regard to the second question, Mr. Dodge, how was the system received by the workmen?

Mr. DODGE. We never had any trouble from the workmen. I will tell you who we did have trouble from.

Mr. THOMPSON. Follow the questions down, and then you may explain.

Mr. DODGE. All right.

Mr. THOMPSON. What was the effect of the introduction of the system on the quantity of product?

Mr. DODGE. The product was very largely increased.

Mr. THOMPSON. To what extent? What percentage?

Mr. DODGE. Oh, I would not dare say that. In individual cases the product might be increased tenfold. In other cases it would be increased twofold. I suppose it would be safe to say that if we could have held all the conditions exactly alike, which is impossible, of course, we certainly would have turned out twice as much work as we did before; but we have no data on that, because there was no use in keeping records under a system that had been in vogue since the Pyramids had been built. Questions were never asked.

Mr. THOMPSON. You think it has paid, though, from the standpoint of production, well?

Mr. DODGE. Oh, absolutely paid; yes, sir.

Mr. THOMPSON. What was the effect on the quality of the product?

Mr. DODGE. It was very much improved, through more careful and scientific inspection and instruction of the men. They did not make mistakes.

Mr. THOMPSON. To what extent did the greater overhead charges for planning room, functional foremen, etc., offset the higher output per man? In other words, to what extent were the net profits of the concern increased, if you know?

Mr. DODGE. There are two questions in one there. In the first place, two years after Mr. Barth left us our overhead charge was no higher than it had been before. In other words, as soon as we learned enough of it, as Mr. Taylor and Mr. Barth had told us, to dare make changes, the overhead came down to where it ought to be.

As to the functional foremen, etc., that meant in the machine shop, apparently nine men, but Mr. Taylor told us, when he talked the matter over with us, he said, "Are you going to put nine men in there?" We said, "Yes." He said, "We can not stand that. How many men have you got now?" We said "We have got a foreman." There were two of the men that were detailed to help the foremen, and they were not recognized under the functional we had before, so that when we got through we had less supervision than we had under the old system.

Now, as to the increase of net profits, the net increase—the net profits—have never shown any great increase, because we have been able to sell our goods at a lower price and pay our men higher wages. The earnings of the concern have ranged—and all this is in the State reports in Pennsylvania, and so on—there has never been a fluctuation, not since the Taylor system went in, of over 2 per cent, and our net profits have been a little over 9 per cent on our sales.

Mr. THOMPSON. What has been the effect on the general health, the wage rates, and the earnings of the workmen?

Mr. DODGE. The effect on the wage rates has been a very substantial increase in wages. I have here the record of the workmen's time and earnings; the records of some of our men who have been with us ever since the Taylor system was introduced. Here is one, Walter M. Megargee. I read this almost at random. In March, 1913, his day's rate was 38 cents per hour. Now we have got a column here "Average number of hours work," by this same man. Mind you, 38 cents was his rate per hour, if he worked at straight daywork. His actual wages were 62.1, 71, 66, 76, 61, 74, 71, 59, 68, 67. In other words, by the week, if he had worked 54 hours, he would have made a little over \$16. and, as a matter of fact, he got \$38, \$37, \$33, \$33, \$40, \$38, \$31. I do not mean to say that they are all as good as that; but that only shows the way it goes.

Now, that is for 1913. In 1911 his earnings—total weekly earnings—were \$15, \$25, \$26, \$22, \$26, \$27, \$27, \$24, \$26, \$24, \$17, \$23, and so on.

Now, here is the record of the same man in 1911, 1909, and 1908. Let us see how far back this goes. Here is his record for 1907.

In 1907 his total weekly earnings were—oh, in 1907 we had the slump. The man's time was reduced, and he worked 35 hours a week for July, August, and

September, and then he went up to 88. At 35 hours per week, the full week being 54 hours, he made \$15, \$10, \$17, \$18, \$15, \$13, \$13, \$15, and so on. That was during the slump in 1907. We shortened hands there by reducing the time.

Mr. THOMPSON. Have you any objection to introducing those schedules into the record?

Mr. DODGE. I will tell you the difficulty is that these are the original records in daily use; but I can send you photographic copies of any of them.

Mr. THOMPSON. Will you do that?

Mr. DODGE. I will. I do not know whether you would like to have all of them or not. Here we are lapping over onto the question of health.

Morris Marshall is now foreman of our planning room. He worked on the lathe. There is a notation here which I made yesterday that says that he weighs 105 pounds, is 5 feet 2½ inches high, and the time he worked in the shop was eight years. During this time he never lost a day from sickness or injury. He operated a lathe with a 28-inch swing, 24 feet between centers, shafting, axles, and so forth. His health was better in the shop than in the office. He complained of the confinement of the office work, but he had good health while he was in the shop.

Now, I want to show you some things here that may be interesting. I want to get that question right; I do not want to get away from the question. Well, I have answered about the facts of the wage rate and the earnings and this general health.

Mr. THOMPSON. Mr. Dodge, your question is with regard to the individual man. Is that typical of the rest of the men?

Mr. DODGE. I have picked out men running gear cutters, and men on the floor, and on the bench, and setting up, and men running a large boring mill, and lathe hands, and another lathe hand, and another lathe hand, and men working on radial drill presses, and on a planer, and general machine hands, and so forth.

Mr. THOMPSON. Will you furnish us with copies of those records?

Mr. DODGE. Yes.

Mr. THOMPSON. Is the condition with reference to the wages shown in these schedules typical of the rest of the employees who have worked in your shops?

Mr. DODGE. It is, because it could not possibly be otherwise; everything that is down in these records is done after a proper time study, and consequently it must come out with the same result.

Mr. THOMPSON. Then these schedules are not schedules of men who have more than ordinary ability in their line of work?

Mr. DODGE. Of course, when we introduced the Taylor system we were running quite a large shop, and these men were working under the old system, and the same men are practically with us yet. In other words, we have not selected men, although some of them have left, but the average term of employment in our shop for all of our men is nearly eight years.

Mr. THOMPSON. Is what you say with reference to the health of the men in the planning room true generally of the employees in your establishment?

Mr. DODGE. I could tell that better by giving you this one little sheet of data. We have a beneficial society, and the number enrolled in 1911 was 454; in 1912, 431; in 1913, 477; in 1914, 471. Of course, that record is only for three years. Total time lost during the year, from sickness or injury, 380 weeks in 1911, or 1.6 per cent of the number of weeks.

You see, the number of weeks that these men would work in a year, if they worked a full year, that would be 1.26, so that there was 1.6 time lost by employees in 1911, 1.10 in 1912, 1 per cent in 1913, and 1914 has not gone far enough.

Time lost by shopmen by sickness—this makes the distinction—122 weeks for shopmen, or 1.2; in 1912, 137 weeks, or 1.5 per cent; in 1913, 146 weeks, or 1.4 per cent.

Time lost by men not in the shop from sickness or injury, 258 weeks, or 1.9 per cent, as opposed to 1.2 for the shopmen—115 weeks in 1912, or 0.8 of 1 per cent, as against 1.5 per cent for the shopmen; in 1913, 1.25 per cent of the shopmen and one-half of 1 per cent of the office men. So you see there is no rule indicated there. It is a little bit in favor, however, of the shopmen, but I think that is because they have better digestion.

Mr. THOMPSON. In your opinion, Mr. Dodge, would the continuance of these men at work under this system shorten their working life?

Mr. DODGE. Absolutely no.

Mr. THOMPSON. Referring to question No. 7, what changes have been made in the working hours, and was this directly due to the change in the system of management?

Mr. DODGE. No; the change was in name. We used 54.2 and we used to work 60 hours under the old system, and we used to work 10 hours a day, but that again was not made on account of a system of philanthropy or anything else, but through dividing up better, and to make easier bookkeeping and time keeping, to work 54.2 hours a week.

Mr. THOMPSON. Then, the main advantage to the men is the gain in increased wages?

Mr. DODGE. And less exertion; increased wages and less exertion.

Mr. THOMPSON. What effect, if any, has it had on the number of men employed?

Mr. DODGE. I do not know how to answer that exactly. I think our business has increased because we were able to get more contracts than some of our competitors, because we were doing fine work and we were selling cheaper than the other fellow.

Now, you see, from 1911 to 1914 it is 454, 431, 447, and 471 men. These differences I can not especially account for, except that business was good in 1913; just now it is falling off like smoke.

Mr. THOMPSON. What effect has it had on the grade and qualifications of the men employed and on the proportion of skilled and unskilled workmen?

Mr. DODGE. We have no record of that. We could dig that out, but we are not conscious that the shops look any different from what they did. We are not conscious that there is any great change. You see the work is about the same thing.

Mr. THOMPSON. What effect, if any, has it had on the regularity of operation of the factory?

Mr. DODGE. Well, our reports show, from the beneficial society—if I had known I was to be asked that question, I would have gone back of this—but our records show that the men in the shop have been in better health under the system than they were without it.

Mr. THOMPSON. That question also includes question No. 6; what effect on the regularity of the workmen.

Mr. DODGE. I think it has had a very beneficial effect on the regularity of the workmen, but I can not differentiate between the system and giving filtered water, the beneficial society before we had the system, and before we filtered the water and cooled it without direct contact with the ice, they showed stomach troubles all through the spring, summer, and fall, they were the principal causes of men not coming to work, and after we filtered the water we thought it was the greatest benefit of all. The system has got nothing whatever to do with that, unless our men were dropping dead by the wayside, and they do not do that; they are very, very regular.

Mr. THOMPSON. Are there many complaints from the workmen of the fact that they are compelled under the system to work too hard?

Mr. DODGE. We only have one form of complaint in our shop to-day, and that is that we have to keep the men on daywork longer than they think we ought to. In other words, the struggle in our shop is to come under the system and under the bonus method of payment, under the task.

Mr. THOMPSON. What effect has the system had on the length of time the workmen will remain in the employment of the company?

Mr. DODGE. As I say, I took all of our men, the whole bunch of them, through; I asked our timekeeper this question. I asked him, "How long do the men work?" And he said—this is his report to me as the boss—"We have gone over the length of time that each man has been employed in our machine shop, and we find the average length of time to be better than seven years." Now, I will challenge any shop in the United States to equal that record, that does not have scientific management.

Mr. THOMPSON. In other words, you consider that a good record of length of service?

Mr. DODGE. I think it is wonderful. You go around in our shop and ask the men how long they have been there, and you will find that they have been there 15, 20, or 25 years. Of course we have men come and go. That will happen, I do not care, at the very best of times, that they will move away, perhaps from sickness, or their wives will be sick, or something like that, but that is doing pretty well.

Mr. THOMPSON. I will ask whether the functions of the employee are more universal, more specialized than before?

Mr. DODGE. We do not do competitive work in our shops, and we have to develop all-around workers, and we frequently change men from a lathe to a boring mill, or from a boring mill to a drill press, or something like that, so as to have them ambidextrous, so that when we want men to stick in on one thing we have got them. We do not need specialists. Specialists are detrimental to a shop. Of course that may be so in a chewing gum factory, or something like that, but we do not need them in our company.

Mr. THOMPSON. Then men leaving your shop would have better chances elsewhere than without the system?

Mr. DODGE. Yes; we find that other people hire them right away, make it more attractive to them, but there is no trouble about that.

Mr. THOMPSON. You mean when they leave it is not on account of the system?

Mr. DODGE. No; I have not in mind any case where we had to let a man go on account of the system.

Mr. THOMPSON. Does it increase the employee's interest in his work?

Mr. DODGE. Certainly it does, because it increases his compensation, and he has a better time, and he has no disciplinarian, he has nobody swearing at him, and he can go jogging along, and he does his work and makes his money and is satisfied.

Mr. THOMPSON. That is a nice way to die.

Mr. DODGE. That is the way they die, most of them; in the first place we will make them happy when they are ready to die.

Mr. THOMPSON. In times of depression what class of men—are they all-round mechanics or not that are likely to be laid off, so far as you know?

Mr. DODGE. We lay off the ones we have not the work for; it is not a matter of class at all. In the first place we reduce hours as much as we can, and if men have to go, why naturally the ones that were the least competent would be dropped out. But it sometimes happens that we have run out of work in certain classes, and then, of course, they suffer the most, but any man that is laid off that way is given the first opportunity to come back. We never fill a man's job with somebody else.

Mr. THOMPSON. What provisions are there in your company for the training of apprentices?

Mr. DODGE. We have a standing order with the Williamson Free School of the Mechanics' Trades, and we get as many as we can, but unfortunately the Pennsylvania Railroad competes with us, and some others, and we are very lucky if we can get three boys a year out of their classes. They are taught trades, they are not taught to be engineers or draftsmen, they are taught to be workmen, and we have had as many as we can get of them for a number of years, and I am glad to say that we have never had one of those boys disappoint us. They have all turned out well. The majority of them are either foremen in our establishment or in other establishments.

Mr. THOMPSON. Where is that school located?

Mr. DODGE. Near Media, Pa.

Mr. THOMPSON. What are your relations with the employees, and how are they adjusted in case of difficulty?

Mr. DODGE. Well, my personal relations with my employees come pretty nearly to the point of their calling me Jim instead of Mr. Dodge; I call them by their first names, and I try to remember them. My door is always open to everybody in our establishment.

Mr. THOMPSON. Then you have no special machinery for the adjustment of difficulties if they ever arise?

Mr. DODGE. I do not have that, except where a man complains that he is not doing enough work other than daywork; that is the great difficulty.

Mr. THOMPSON. That is all, if the chairman please.

Commissioner O'CONNELL. You say that the Taylor system you have had in operation about six years?

Mr. DODGE. Yes.

Commissioner O'CONNELL. That would be from about 1908?

Mr. DODGE. Well, Mr. Barth went away in 1908.

Commissioner O'CONNELL. Well, it doesn't matter.

Mr. BARTH. I went away—I don't know just when I went away, but I think early in January of 1908.

Mr. DODGE. Well, let us say six years. We began getting the men under the Taylor system long before Mr. Barth went, because we would not let him go unless we had squeezed him pretty dry, and there were other people after him all the time.

Mr. THOMPSON. In 1908 what were the hours of labor?

Mr. DODGE. I think they were about the same.

Mr. BARTH. About the same, 54.2

Commissioner O'CONNELL. Was that in the Philadelphia shop or all the shops?

Mr. DODGE. The Philadelphia shop. We did not put it in Chicago for two years afterwards. It took us four years and a little more to introduce it in Philadelphia, but it took us only about a year to make the same progress in Chicago because we had the same experience.

Commissioner O'CONNELL. Is 54 hours about the regular hours of labor in the machine shops in Philadelphia?

Mr. DODGE. As far as I know; there may be some exceptions, but I am not conscious of it.

Commissioner O'CONNELL. The Saturday half holiday has been recognized for many years?

Mr. DODGE. Yes.

Commissioner O'CONNELL. It is not a new thing at all in Philadelphia.

Mr. DODGE. No.

Commissioner O'CONNELL. It is an old custom, is it?

Mr. DODGE. Yes.

Commissioner O'CONNELL. So that since the introduction of the Taylor system the hours of labor have not been reduced?

Mr. DODGE. No.

Commissioner O'CONNELL. And if they were it would have nothing to do with the system. The same rules now prevail in the Chicago shop?

Mr. DODGE. Yes.

Commissioner O'CONNELL. Have you ever had any strikes in the shop since the system?

Mr. DODGE. We have never had the slightest trouble since we introduced scientific management. Our Chicago shop was raided three times, men were knocked out in the shop, windows were broken, and machinery was broken, and things of that kind, and we have had mobs go through the Chicago shops three times, but we never had any trouble.

Commissioner O'CONNELL. And at Indianapolis?

Mr. DODGE. In Indianapolis we never had the slightest trouble at any time. And in Philadelphia we have never had any labor trouble.

Commissioner O'CONNELL. Have the unions been in any way recognized or dealt with in any of the shops?

Mr. DODGE. No, sir.

Commissioner O'CONNELL. Never in the Chicago shops?

Mr. DODGE. Before the system was put in we tried to deal with the unions, and we had riots there.

Commissioner O'CONNELL. There is no method of collective bargaining between the men and your company?

Mr. DODGE. No.

Commissioner O'CONNELL. The company sets the standard of wage upon which wage the bonus is based?

Mr. DODGE. Yes; with the cooperation of the men.

Commissioner O'CONNELL. Are the men taken into consultation?

Mr. DODGE. They have to be; every time a time study is made it requires two people—the man that is taking the time and the man that is doing the work.

Commissioner O'CONNELL. The man who is doing the work is simply part of the machine, as it were?

Mr. DODGE. As much as any workman in our shop that the time-study man goes to. It is not one man that goes around and does all these stunts; he goes to first one man and then to another, so that every man in our shop has had these time studies made on him maybe 50 times; we have on file now maybe 50,000 time studies.

Commissioner O'CONNELL. Suppose you make a time study of a man and you set up the conditions under which he operates a lathe, for instance, turning shafts in a lathe; you set a time for the turning of those shafts?

Mr. DODGE. Yes.

Commissioner O'CONNELL. And after you have agreed with your expert that such and such is the proper time that such work can be done in, and the workman says, "No, it can not be done in that time," what is the result?

Mr. DODGE. We bring a man in there to show him that it can be done.

Commissioner O'CONNELL. And if he still disagrees with you?

Mr. DODGE. You do not mean to say that he will disagree after he has been shown that the thing can be done?

Commissioner O'CONNELL. I am afraid I do; yes.

Mr. DODGE. If I say two and two is four and a man disagrees with me, and I bring a mathematician or a professor to tell him so, and show him in every way that I can that it is so, and he still disagrees, he is hopeless.

Commissioner O'CONNELL. But you know what some men can say and what they can do with figures, and what other men can do with figures. The fact is that the employer sees that the employee, in so far as the time-study man comes to him—he uses him as a means of working out a time study?

Mr. DODGE. Yes.

Commissioner O'CONNELL. That is the only way in his interest in which he is consulted?

Mr. DODGE. Yes.

Commissioner O'CONNELL. And he is in no other way in that matter at all?

Mr. DODGE. Yes.

Commissioner O'CONNELL. He has no other say in the matter at all?

Mr. DODGE. Yes, he has. He can say that it is not right, and we will keep at it until we convince him, if it is a possible thing. There is no arbitrary idea of forcing a man. In that connection I could show you some diaries of our men that were in use up to the day before yesterday, in which the man kept records of the time required for a particular job, and all the particulars of it. I did not know much about it before, but I found lots of them were doing that, and here are the books; and if somebody, after we are all gone, was to try to put it over those men with the same kind of a job at a lower rate, he has his record as to what he did it in before, and he would bring that in and say: "The last time I did that, it required so much time." And he is entitled to an explanation, and he gets it. And if there is an error, it is corrected. If the thing has been improved, that is taken into consideration. For instance, suppose a man had a record of the work that he did with the old-fashioned carbon steel, and then we introduced the high-speed steel, which does from 4 to 40 times as much work. In that case the old time record, as you well know, would be valueless, and he would recognize it, and submit to a readjustment of the rate, due to the fact that we had got better tools for him to work with. That is always recognized.

Commissioner O'CONNELL. A very large percentage of the increase of output was first brought about by the introduction of high-speed steel?

Mr. DODGE. I should say yes, probably that was the greatest opportunity that we had, and new tools to go with it.

Commissioner O'CONNELL. And with that, the introduction of new tools, electric driven tools, and all these appliances that go to make things speed up?

Mr. DODGE. Yes.

Commissioner O'CONNELL. So that the great saving in the time of production, and the great increase in production, is not because the workmen per se soldered to that extent under the former condition?

Mr. DODGE. Oh, no.

Commissioner O'CONNELL. It seems to be the idea of some that we have discussed this question with that the workman has been the great soldierer in that proposition. They do not seem to see that there are other conditions surrounding his former employment which had a very important bearing upon the question, and that, although he may have worked under the most laborious conditions, yet he could not produce anything like what he can under the improved conditions.

Mr. DODGE. That is very true.

Commissioner O'CONNELL. So that it is not the employee who has been the soldier—the workman?

Mr. DODGE. No; not at all. I do not agree with that idea at all.

Commissioner O'CONNELL. Do you believe, Mr. Dodge, that there is a possibility that the employees might be organized into a form of an organization under which they could cooperate with the employers, with a view of meeting them on a common basis, at a round table, as it were, for the purpose of discussing all these various matters?

Mr. DODGE. I think it would be most desirable; yes. The point is this, in regard to this matter of time study: If I come to you, or any one of you gentlemen, and say, "Come over here with me and help me do this thing"; and sup-

pose a certain thing when it is added up comes out at one minute. That is not a matter of arbitration, that is a matter of fact. It is not any more a matter of arbitration than if I should say to you, "Come over here, I want to show you the multiplication table," and you should come over and look it over and say, "We will arbitrate it."

Commissioner O'CONNELL. But suppose I should say to you that I am now getting \$4 a day and I should get \$5 a day. Is not that a question for arbitration?

Mr. DODGE. I don't know whether it is or not. If I felt that I was not paying the man enough and I was grinding him down, I think I would take very serious heed to that proposition personally, and I should say that it would be a case or a matter for arbitration.

Commissioner O'CONNELL. Suppose, collectively, the employees should say to your Link Belt Co., "We believe that we ought to have an increase of 10 or 20 per cent over the rates we are now enjoying." Do you think that would be a question for conciliation or mediation or arbitration?

Mr. DODGE. It depends on how much of a hole they were pushing us into. If we felt that we could not do that without jeopardizing our business or bankrupting ourselves or doing ourselves serious injury, we would fight it as long as we could and then give in gracefully. As Bob Ingersoll used to say, "If you have only one dollar in the world and you have to spend it, spend it like a lord." That is what we do.

Commissioner O'CONNELL. In that case, I think the Link Belt Co. ought to be a leader in the matter of shortening hours, if they are getting this great increase in production over other firms that are not. Don't you think they ought to pave the way, so to speak?

Mr. DODGE. Very likely, from your point of view. Very likely, if you were one of us and were down there working along and saw the men happy and the men wanting to work that long and make the wages they can, and not wanting the time reduced, I think you would say, "Let them work."

Commissioner O'CONNELL. That is all.

Mr. DODGE. I would volunteer one more thing about the cooperation of the unions with scientific management.

Commissioner DELANO. Mr. Dodge, it is one of the objects of this commission to try to discover some common ground upon which we can all meet in settling this question, and it has been stated—you perhaps heard it yesterday—

Mr. DODGE. I was not here yesterday.

Commissioner DELANO. Well, it was stated here yesterday that, as a fundamental economic truth, it was impossible for the workmen to improve their condition, either in wages or other working conditions, unless there was an improvement in efficiency; that is to say, an increment in the actual per capita output. Do you believe that to be true?

Mr. DODGE. Yes; I do. I believe that is so. I believe that it is a truism; that a man that makes two blades of grass grow where only one grew before is a benefactor of his race; that a man who makes two books grow where only one grew before is a benefactor of his race.

Commissioner DELANO. Do you carry it to the point of saying that unless something like that is accomplished the workingman can not expect a greater remuneration or better working conditions?

Mr. DODGE. I am not prepared to say. I do not know where the breaking point is. I am not prepared to say that if we were to increase our men's wages 10 per cent that of necessity we would go into bankruptcy. We would scratch like thunder to meet that situation and do the best we could; and we might keep off unprofitable lines, or we might do something—I don't know what; but we certainly would fight hard. I do believe, however, that the very minute that the labor unions will become interested in the efficiency of their members more than in the loyalty of their members—that is all right, but let it be secondary—that that would be a tremendous step in advance. I also believe this, that whereas we have had the relations between organized labor and employers, without any system whatsoever, simply guesswork—coming in to the foreman and saying, "How much can that be made for?" and he looks wise and turns it over and says, "It should be made for 10 cents."

Now, I was a party to that for a great many years, and I worked under the piece rate, and I cut the piece rate; and we made mistakes, and the way we adjusted them was to take it out of the hide of the workmen. We would say, "That should be made for 10 cents," and the man would make six of them in the time when we thought he could only make three, and we would

reduce the price to 5 cents; and if he got up and got his head above water again, we would hit him again, just as far as we could. I have been all through that matter, and that is the pernicious part of piecework.

Under the present system, when that job comes into our shop, we do not look back and see when we made a book like this, for instance, but we analyze the things that go into the making of that book, labor and time and everything that goes into it, and we look for analogies in the records that we already have; so that, even though this is the first time for this job, we are able to make a very good estimate of what it is going to cost, and we can set a rate which, ninety-nine times out of a hundred, the workman accepts; and that is where the difference is. What we want, and what the unions could insist upon, is the absolute elimination of guesswork. There is something that we could agree on; and if any gentlemen connected with the labor organizations, the heads of them—the higher up the better—will make a study of how to harmonize the scientific management with unionism, they will find the heartiest kind of cooperation; but so long as the attitude is that scientific management must harmonize itself with unionism, it is going to be hard sledding. It is a mutual proposition. The labor organizations would be welcomed by any people who have scientific management to see what adjustments can be made. All they want to do, both sides, is to insist upon seeing that justice is done; and the union can be just as potent in striking or resisting an unfair employer under scientific management, provided they favor scientific management, as they can in resisting the unfair employer now, with no system whatsoever.

So that I do not consider that the things are incompatible at all. However, it must be a mutual coming together. I predict that before many years the unions will insist upon scientific management, and see to it that it is done fairly and squarely and scientifically; and the minute that comes, there will be an end to labor disputes. There will not be an end to the unions, because there is plenty for the unions to do.

The CHAIRMAN. Mr. Weinstock, do you wish to ask any questions?

Commissioner WEINSTOCK. Yes.

You stated, Mr. Dodge, that under the old piecework system, when the worker was earning too much, you would cut the price?

Mr. DODGE. Yes.

Commissioner WEINSTOCK. In this little book that you have here, belonging to one of your men, there are notes of the time studies. One of the notes says:

"I made a barrel of money on this rate. Brown said I didn't do it honestly; but I offered to bet him twelve dollars to five that I could still go ahead of that. But he got cold feet."

In view of his having made "a barrel of money" under these circumstances, was the rate cut?

Mr. DODGE. No.

Commissioner WEINSTOCK. It was not cut?

Mr. DODGE. No.

Commissioner WEINSTOCK. He was allowed to go on making "a barrel of money"?

Mr. DODGE. We would not dare to cut the rate. Scientific management would evaporate like snow in sunshine if we did not keep our word with our men.

Commissioner WEINSTOCK. You stated, also, that since the introduction of the system the net earnings of the business have not increased to speak of?

Mr. DODGE. The gross earnings have.

Commissioner WEINSTOCK. But not the net?

Mr. DODGE. The net earnings have fluctuated about 2 per cent on the sales; but we have been able to sell our goods cheaper and to get a larger share of the trade.

Commissioner WEINSTOCK. If you have gotten a larger volume of business on the same net earnings, your surplus for distribution ought to have been larger than under the old conditions?

Mr. DODGE. Look at these statements here yourself, and see what the surplus is—from 25 to 60 per cent, right straight along here.

Commissioner WEINSTOCK. Then, when you said "net," you meant the rate—

Mr. DODGE. No. We make a report to Harrisburg every year, telling everything that has gone on in our business.

Commissioner WEINSTOCK. I am afraid I have not made myself plain. I mean, have your stockholders reaped any larger dividends than they did under the old conditions?

Mr. DODGE. They have done this; we have had a larger volume of business, and our dividends have been practically constant, except in some hard spells. Our dividends have never exceeded 12 per cent, and I do not remember that they ever went below 9 per cent. I would just as soon not have that published, because I am not entitled to tell that, you know.

Commissioner WEINSTOCK. This is my point: If I were a stockholder in your enterprise, I would then be in a position to come to you and say this: "While this new system has evidently been of some advantage to labor, it has been of no advantage to me as a stockholder, because my dividends are no larger to-day than they were before." What would be your answer to that?

Mr. DODGE. My answer to that is this, that the dividends have been larger. The largest that I know of, or remember of, is 2 per cent larger, and to that extent it is a great advantage. Furthermore, we have established a stability in our business that we were never able to establish before.

Commissioner WEINSTOCK. You mean that the chance for losing is minimized, because your labor is better satisfied?

Mr. DODGE. Yes. We do better work and fill our orders more quickly. If I were to ask the president of our company what the greatest benefit derived from scientific management was, he would say "Prompt shipments. Keeping our promises." I might say that now, in our shipments, when promises are made, we run all the time over 86 per cent that we ship on the day we promise to ship; and I remember the time very well when it was 86 per cent of the time that we did not ship on the day that we promised. That is a big asset in business.

Commissioner WEINSTOCK. Prompt shipments?

Mr. DODGE. Yes. I tell you it is a big asset.

Commissioner WEINSTOCK. It gives you a better grip on your trade?

Mr. DODGE. It surely does.

Commissioner WEINSTOCK. Unionists have expressed the opinion that they more or less fear scientific management because it is a menace to unionism. Has not your experience demonstrated the fact that it is a menace to unionism, in that your plant is not organized, when it formerly was organized?

Mr. DODGE. Until they come together, the union and scientific management, making a study of scientific management, it is a menace. Our men do not see any reason why they should pay dues to a union to insure them less wages than they are getting now. Our wages run right along and are above the union rates. I can not help but feel—it is a personal matter with me, and I do not want to explain it as a political economist; but I know this—that if we can make 1,000 workmen enthusiastic about scientific management I will guarantee to make 100 labor leaders as equally enthusiastic if they will give me the same chance.

Commissioner WEINSTOCK. Take it in your own plant, Mr. Dodge. Do you ask applicants for jobs whether they are unionists or not?

Mr. DODGE. No, sir.

Commissioner WEINSTOCK. You ask them no questions?

Mr. DODGE. We do not care a rap.

Commissioner WEINSTOCK. Have any efforts been made in your plant since you introduced the system to unionize the shops?

Mr. DODGE. Not that we know of. We haven't any watchman, except the watchman at the gate, and we have a sign up, "Visitors always welcome."

Commissioner WEINSTOCK. If an effort was made to unionize your shops would you resist it?

Mr. DODGE. I should say, as it is now organized, that I would; but if a union leader were to come to me and say: "Will you allow me to stay here for a month, until I acquire what little knowledge I can of your system, and if I am convinced that it is all right I will meet you in the spirit of scientific management," we would throw the doors open and say "You are welcome."

Commissioner WEINSTOCK. Then you have objected to efforts being made to unionize your shop, because you feared, I take it, that if it was unionized they would fight the bonus system?

Mr. DODGE. No. I will tell you. I might say this: Our shop in Philadelphia had a machinists' union in it, and it disbanded. I don't know exactly when, but I could find out. It voluntarily disbanded some little time after Mr. Barth came there. The shop in Chicago having been raided, we had the dickens of an old time there. We were obliged to have an open shop and say so. We have said so, and we have maintained an open shop, and it is a happy shop, and we

have no trouble to get men, and we do not ask any questions there as to whether they are union men or not.

The whole thing in a nutshell is this: I think the unions are fighting something that they have not thoroughly investigated.

Commissioner GARRETSON. I just want to ask you one question, Mr. Dodge. This question has been asked before, in a little different form, but I want to bring out another phase of it. It is laid down as a fundamental proposition that the condition of the workmen could not be bettered unless the output was increased. Assuming, for the moment, that that is a truism, would it not also be a farce if it was applied where the corporation that was the employer was declaring dividends of 45 per cent as against another corporation, and a competitor of it, that was declaring dividends of 5 per cent?

Mr. DODGE. I should say that if I was the fellow that was getting 5 per cent, I would be so mad that I would go out and bite nails, and I would not stand for it.

Commissioner GARRETSON. Would it not be absurd to apply it as a truism to the two conditions?

Mr. DODGE. Certainly. I think our friend Ford has got a soft snap.

Commissioner GARRETSON. You do not recognize the same fundamental principles—

Mr. DODGE. No. If we were to follow in Ford's footprints, it would be a different proposition.

Commissioner GARRETSON. The reason why he is able to do as he has done is because so many people do follow in his footprints, or tire prints?

Mr. DODGE. Yes. I had that all written out, but you did not ask me about it, so that I am not going to squelch him. I had something rather interesting about that. The truth is that our earnings per man have ranged from 25 cents to \$1 through a long term of years and Ford's earnings were \$5.46. If we had \$5.46 per man to play with, I would give you a lot of it, and everybody else.

Commissioner GARRETSON. Then, I am sure that I wish you had it.

That is all.

Mr. DODGE. It has been suggested to me that a number of the members of your commission have visited our plants, and I wish to say that we would be delighted to entertain the whole commission, either individually, separately, or in a bunch, or any other way.

The CHAIRMAN. Thank you.

TESTIMONY OF MR. P. J. CONLON.

Mr. THOMPSON. Mr. Conlon, please give your name and residence to the reporter.

Mr. CONLON. P. J. Conlon, Mount Ida, Va.

Mr. THOMPSON. What is your occupation?

Mr. CONLON. I am international vice president of the International Association of Machinists.

Mr. THOMPSON. The subject that we have up for consideration at this hearing is the subject of efficiency systems and labor. What contact have you had with any such systems of shop management?

Mr. CONLON. I have had some contact with what is known as the standard time system and the Vicar-Maxon system, the piece-rate system, and the Taylor system—a modified form of the Vicar-Maxon system.

Mr. THOMPSON. That is the system in force in England?

Mr. CONLON. Yes, sir.

Mr. THOMPSON. What is the general attitude, if there is any, of your organization on scientific management?

Mr. CONLON. The best answer I could give you to that would be to read an extract from our laws.

Mr. THOMPSON. You may do that.

Mr. CONLON (reading):

"This association stands for the abolition of the operation of more than one machine, piece-rate premium, merit, task, or contract systems. Members who may be found guilty of agitating or encouraging any of these systems in shops where it is not in operation are liable to expulsion; and the practice in such shops shall be entirely abolished as soon as possible, the date to be set by the general executive board."

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Mr. THOMPSON. If I understand that correctly, that would prevent your men from working under the Taylor system?

Mr. CONLON. Yes.

Mr. THOMPSON. Or any bonus system?

Mr. CONLON. Yes.

Mr. THOMPSON. Or any task system?

Mr. CONLON. Yes.

Mr. THOMPSON. Upon what is the position of your organization based? Just state it briefly.

Mr. CONLON. On the daywork basis of compensation, with generous supervision, and the taking of the employee into consideration in the matter of collective bargaining or trade agreements.

Mr. THOMPSON. What, specifically, is the objection of your organization to the bonus system or the task system in the shop?

Mr. CONLON. We have several objections. The first is that it requires a task that is always increasing in intensity. The second is that the so-called efficiency systems have been devised solely in the interest of increasing dividends and with but little regard for the employee. Third, because we know that the overhead charge of accounting must be directly borne by the producer. Fourth, that the stimulation held out is deceptive and will disappear entirely as soon as the maximum task is established and standardized. We object because there is no margin left to take into consideration the increased cost of living year after year, except that which is actually forced by competition and losing the employee. The employee is not taken into consideration in setting prices; they are arbitrarily set by the efficiency engineers, who arrogate to themselves the terms upon which the employee shall work. We believe it is an effort to standardize men and conditions—an impossible task, and unscientific in the very nature of it. It is an attempt to subordinate the mechanical initiative to others, whether they have better methods or not; and the workman is simply an automaton, and loses his mechanical identity. We consider the establishment of these systems a confession of gross mismanagement on the part of the supervising force. Successful plants do not have to resort to these systems. Lastly, we believe that it builds up in the industrial world the principle of sabotage, syndicalism, passive resistance, based on economic determinism. We did not hear of any of these things until we heard of scientific management and new methods of production. The last few years we hear considerable about them.

Mr. THOMPSON. Have you a list of these points?

Mr. CONLON. Yes.

Mr. THOMPSON. A list in typewriting of the points you have read off?

Mr. CONLON. I have not got them in typewriting. I have a list.

Mr. THOMPSON. Would you mind letting me have that list?

Mr. CONLON. No. You may have it [handing list to Mr. Thompson].

Mr. THOMPSON. Taking up first the last subject you named, Mr. Conlon, what is the basis for your statement that efficiency systems, so-called, have caused sabotage, other than the mere fact that we have just lately been talking about efficiency systems and just lately in this country been talking about sabotage?

Mr. CONLON. Because they have come to the surface about the same time; and we find that when men can not help themselves, nor can they get any redress of grievances, and are forced to accept that which is thrust upon them, that they are going to find within themselves a means of redress that can find expression in no other way than passive resistance or in syndicalism.

Mr. THOMPSON. Is that the only connection which you have stated upon which you base that statement?

Mr. CONLON. Yes, sir.

Mr. THOMPSON. Then the appearance, in your opinion, of two things in our civilization substantially at the same time would be all that you would require for the deduction that they grow out of each other or are related to each other?

Mr. CONLON. They both break out in the industrial world at the same time. If there was no correlation of these two things appearing simultaneously, we might not make that deduction.

Mr. THOMPSON. But I have stated the correlation in this case is that of contemporaneous appearance. I do not understand you to give or show any other reason why these two are connected.

Mr. CONLON. I do not catch your question.

Mr. THOMPSON. I say I have not understood you to give any other reason for the connection of these two—sabotage and efficiency systems—other than their contemporary appearance in our life.

Mr. CONLON. Yes, sir.

Mr. THOMPSON. That is the only reason?

Mr. CONLON. Yes; the exploitation through industrial papers of the fact that large concerns were discriminating against industrialists who had reached the age of 35 years, and imposed maximum tasks at a minimum age throughout the country, which led people to seek for a means of taking life easy through passive resistance.

Mr. THOMPSON. How do you connect these last two statements with the scientific management system and with sabotage?

Mr. CONLON. Well, as an illustration, if a body of men during a depressed time have suddenly thrust upon them the alternative of being in enforced idleness, or of accepting an efficiency system that they have no voice in, either in the prices or making, they will take it as the less of the two evils; but in taking it they are going to doggedly resist its successful operation in that shop.

Mr. THOMPSON. Can you give us any specific instance of the use of sabotage upon the introduction of an efficiency system?

Mr. CONLON. No.

Mr. THOMPSON. Then, this idea is simply a matter of theory with you, is it not?

Mr. CONLON. Not exactly.

Mr. THOMPSON. Name any fact upon which you make that deduction.

Mr. CONLON. The specific instance that I have in mind at the present time is that of the American Locomotive Works, in 1907, when the standard time was in operation there. The men struck against its extension. I tried to adjust the strike, and failed. I went back and told them of my failure to get the strike adjusted. They made up their minds during the panic of 1907 that they would go back into the shop, but that they would not try to make any bonus, and they did not, and in order to see whether they were sincere in their statement that they would not try to make any bonus, I picked up some 38 pay envelopes at the yard gate one pay day, and there were only \$2 and some cents bonus out of \$550 of earnings in the envelopes.

Mr. THOMPSON. Personally I can not see the connection with that last statement you made and this thing we call sabotage. What do you understand by "sabotage," and wherein does that statement bear upon that matter?

Mr. CONLON. Sabotage is where men see that there is no hope of redress at all, and they will finally try to ruin the business of the employer.

Mr. THOMPSON. I did not get the last part of your answer.

Mr. CONLON. I say they will eventually try to ruin the business of the employer.

Mr. THOMPSON. Then, the sabotage that you mean is that the men limited their output to their daily wage?

Mr. CONLON. Yes.

Mr. THOMPSON. Is that the only instance of the use of sabotage by the men as a reprisal or defense against an efficiency system that you know of?

Mr. CONLON. I think you are getting crossed on sabotage. I do not call that sabotage. I call that passive resistance.

Mr. THOMPSON. I asked you for cases that you knew of where sabotage was used upon the introduction of efficiency systems.

Mr. CONLON. I misunderstood you upon the question of sabotage. Passive resistance is getting along the best it can on that basis.

Mr. THOMPSON. Then, when I used the word "sabotage" you understood me to mean passive resistance to the employer?

Mr. CONLON. No; I think there is a difference between sabotage and passive resistance. Sabotage means that the men have made up their minds that they are going to destroy the business or in some way ruin the employer unless he comes to their way of thinking. I am not as well posted on that as I ought to be, because I do not believe in that line of industrial thought; but I do know that it is very prevalent in the case of the Industrial Workers of the World, a rival organization to the American Federation of Labor.

Mr. THOMPSON. But what I am trying to get at is, and you have stated it here as a fact, that the introduction of an efficiency system has caused sabotage. I have asked for the connection between the two, rather than their contemporaneous appearance, and you have told me of a case where the employees of the American Locomotive Works have refused to earn a bonus, and you say that that is sabotage. Now, you say it is passive resistance rather than sabotage.

Mr. CONLON. Yes.

Mr. THOMPSON. What case do you know of where sabotage in the way you have explained it, the ruining of the property or business of the proprietor, has been indulged in by the union forces as a defense against the introduction of efficiency systems?

Mr. CONLON. I do not know of any specific instance.

Mr. THOMPSON. Then it is true, as I stated before, that that is your deduction from the contemporaneous appearance of those two things?

Mr. CONLON. Yes.

Mr. THOMPSON. What is your basis for the statement that under the efficiency system the task is always increasing in its intensity?

Mr. CONLON. Mr. Taylor's statement on page 63 of his book, that he believed—

Mr. THOMPSON. What book, Shop Management?

Mr. CONLON. Scientific Shop Management. He says on pages 63 and 64 that the four shop principles are a large daily task, standard conditions, reward for success, and being penalized for failure.

Then he goes on further to say in his book that there should be periodical lay offs in order to teach the men an object lesson in the matter of passive resistance.

Mr. THOMPSON. When you quote Mr. Taylor it is only fair that you will quote his page and the book.

Mr. CONLON. I am trying to do that. Page 74 of his book.

Mr. THOMPSON. On scientific management?

Mr. CONLON. Yes. He says:

"The task idea is emphasized in style and piecework by two things, the high wages and periodical lay offs after a reasonable trial of incompetent men, the success of the system, the number of men employed on practically the same work should be large enough to have the workmen quite often have the object lesson of seeing men laid off for failure to earn high wages, and other men substituted in their places."

Mr. THOMPSON. That is the statement as to reason No. 1, that it requires a task that is always increasing in intensity?

Mr. CONLON. Yes.

Mr. THOMPSON. I do not understand from what you have read that you have shown that; as I understand it the task is a certain set time usual under the Taylor system in which a piece of work is to be performed.

Mr. CONLON. Yes.

Mr. THOMPSON. That merely fixes a standard or a yardstick to measure a man's efficiency?

Mr. CONLON. Yes.

Mr. THOMPSON. What cases do you know of specifically where the yardstick or standard has been increased, causing increased intensity of work on the part of the workers?

Mr. CONLON. I do not know of any specific instance from personal contact, but I have had evidence from the men that the time studies have been taken on their work three or four times, and prices set on each occasion.

Mr. THOMPSON. What shops and where, if you have a record of it?

Mr. CONLON. The Manchester shop of the American Locomotive Co., in Allegheny in 1907; I think it was January, 1907.

Mr. THOMPSON. What other places?

Mr. CONLON. That specific instance there I know of.

Mr. THOMPSON. Is that all the specific instances you have heard of or know of?

Mr. CONLON. For the benefit of the commission I want to say that I do not get access to the shops. I have to rely entirely upon what I get from testimony given to me by correspondents through our general office, which is located here in Washington. When you are asking me directly what I know of specific instances I must rely upon this testimony, otherwise my testimony is valueless to you.

Mr. THOMPSON. In other words, this statement of yours is based upon letters you have received from other people and have left in your mind a general impression?

Mr. CONLON. Yes.

Mr. THOMPSON. That the task is always increasing in intensity?

Mr. CONLON. Yes.

Mr. THOMPSON. But of your own knowledge you know only of one instance, and you can not recall any other instance that you received from the correspondents?

Mr. CONLON. Yes.

Mr. THOMPSON. Then the commission are to understand that that is the basis of your statement?

Mr. CONLON. Yes.

Mr. THOMPSON. Upon what do you base your second point, or reason, so-called efficiency systems have been devised in the interest of increasing dividends and with but slight regard for the employee?

Mr. CONLON. I believe that testimony was emphasized by the former witness here for the benefit of the commission, that the dividends had increased 2 per cent.

Mr. THOMPSON. But the testimony was also that the wages of the men had increased infinitely more than that; some going up, if I remember correctly, as high as over 70 per cent.

Mr. CONLON. The general run of the bonuses we have been able to secure have been nowhere near that much.

Mr. THOMPSON. What specific instances can you give now, any shop during any time, where you can make this deduction that they have been devised solely in the interest of increased dividends and have been of slight benefit to the employees?

Mr. CONLON. I say that that is the general belief of our membership throughout the country that is the idea of these systems, and they have no proof to the contrary, so far as their earnings are concerned. It has not been of sufficient enticement to them to accept this system yet.

Mr. THOMPSON. But you, yourself, know of no specific instance where that had been the effect?

Mr. CONLON. Oh, as a matter of figures to prove it out, no.

Mr. THOMPSON. But from your contact with the machinists in your union that is the present belief?

Mr. CONLON. Yes.

Mr. THOMPSON. Take the third reason you give, because the employees know that the overhead charge of accounting must be directly borne by the producer. If that overhead charge that is caused by putting in an efficiency system results in the cheapening of the production, more than would meet the overhead charge, there would be no absolute necessity for the consumer to bear that cost, would there?

Mr. CONLON. I do not get your question.

Mr. THOMPSON. If the saving by putting in an efficiency system and doing the work was greater than the cost of putting it in, there would be no additional charge put on the consumer for the product, of necessity?

Mr. CONLON. No; I think competition would take care of that, in the matter of the selling price.

Mr. THOMPSON. Then the third reason is one that must be tested by each individual case, as to whether it exists or not?

Mr. CONLON. Well, in answering your question, we know from experience that there is a large planning room there, and a routing room, and an accounting room, and a large number of clerks, in fact, in some instances the office is almost as large as the shop; we see no place where the employer is going to make the cost of that office of necessity, other than through the exertion of the producer who is making the product for sale.

Mr. THOMPSON. In other words, in your opinion the cost of installing such a system must of necessity be taken out of the producer by causing him to give extra labor?

Mr. CONLON. Exactly.

Mr. THOMPSON. Do you know of any instances of that?

Mr. CONLON. No; it is self-evident; it don't require any instances. If we have two men in the shop and we only had one timekeeper, and now we install a system whereby we must have three men, an accounting clerk, a routing clerk, and a timing clerk, those are nonproducers, inasmuch as they put nothing on the market for sale which is to pay those three additional clerks.

Mr. THOMPSON. I must confess that I do not think that that would be a fair test of an efficiency system, where you have two men in the shop. Take, for instance, where there are a thousand men in the shop, and where by the introduction of these efficiency experts with their planning room, etc., first, they will be able to lessen the work of the men and make better machinery and make

better routing, which take up lost motion, and in addition are able to help the worker to a better method of doing his work and as a combination of these two things they decrease the unit cost for the output, wherein, in such a case as that, would the producer or the workman be compelled by extra labor to absorb the cost of the introduction of the system?

Mr. CONLON. We take it for granted that competition will handle the selling price of the product, and that any extra cost paid in that shop either for clerk hire or for any other cause must be paid by the extra exertion on the part of those who make the product for sale.

Mr. THOMPSON. Let us examine that and see if it is sound. If the proprietor should introduce a piece of machinery which would cost \$5,000, which would have been borne by the product, but that by introducing that machinery his product was so many more times increased with the same number of men working by reason of the machine that it reduced the unit cost of the product, would not the expense of the machine, the introduction of it, be of value to the consumer? It must of necessity be.

Mr. CONLON. In that case I would judge that there would be some justification for your deduction.

Mr. THOMPSON. Assuming that the introduction of the efficiency system with reference to shop management and with reference to men management enables the shop to produce and turn out, taking into consideration the cost of that work, the product at a less cost, would not that be a benefit to the consumer?

Mr. CONLON. We can not accept that deduction, that this system is so broad in its scope that it is going to make dividends for the stockholder, increased wages for the employee, and also pay a 67 per cent fixed charge for accounting, planning, and routing. It must have some great elasticity to it that will enable it to do anything like that.

Mr. THOMPSON. You have assumed in your answer several separate things: First, you go back to the old question; you admit that if the introduction of that efficiency system reduced the unit cost of the product, then it has been a benefit to the trade, do you not?

Mr. CONLON. Yes.

Mr. THOMPSON. Then your objection is based on the fact that you believe, and those in your trade believe, that the introduction of the system actually increased the cost of the product?

Mr. CONLON. No; it don't increase the cost of the product, because the competition will take care of that; the selling market will take care of that part of it; but that we have got to turn out so much more in order to make up for this overhead charge.

Mr. THOMPSON. But if the turning out of so much more is made easier to the worker than the turning out of the smaller product before the introduction of the system, does it not stand to reason that it is for the worker's benefit, so far as the actual work is concerned?

Mr. CONLON. Yes; if it can be proven that it will be made easier.

Mr. THOMPSON. Assuming that to be a fact, it must be so.

Mr. CONLON. No; we will not assume that because we can not see where we can turn out more than we are doing at the present time to such an extent.

Mr. THOMPSON. But, Mr. Conlon, I am asking you if it were a fact. If you can answer that, you can make your other explanation afterwards. If it actually decreases the manual labor of the employee in turning out a unit of product, to that extent at least it would be to his benefit?

Mr. CONLON. Yes.

Mr. THOMPSON. Now, if in fact he does that, and by reason of doing that permits the employee to produce a greater amount of product in a given time, with less exertion, and by reason of that fact the employer increases his compensation, then the introduction of the system is of benefit to the worker, is it not?

Mr. CONLON. You are traveling on the assumption that it does all that?

Mr. THOMPSON. Yes; if it does all that.

Mr. CONLON. If it does all that, we could then—but we have to have an ocular demonstration of it first.

Mr. THOMPSON. Then, what case have you in your mind where the efficiency system does not have that effect—what plant, and where?

Mr. CONLON. I have stated one plant. Now, I might cite the Washington Navy Yard, where they have a modified form of the Vicker-Maxim system on certain work, and they have the employees of that place continually complaining about it, that the time is too short, although there is no bonus or anything of that sort being paid, they are complaining about the time being set too

short, and the engineers that are planning, they are planning behind screen doors, and it does not take into consideration the watching time that they have or anything else. I hear these complaints every Wednesday night, and there is no bonus to be paid, anything more than a man's record is supposed to be up to the standard in the case of a furlough.

Mr. THOMPSON. Then in the case you have mentioned there is no such thing as a bonus?

Mr. CONLON. No bonus.

Mr. THOMPSON. No bonus in question?

Mr. CONLON. No, sir.

Mr. THOMPSON. It is simply the question of the setting of a time task?

Mr. CONLON. The setting of a task; yes.

Mr. THOMPSON. What case of a private establishment do you know where that has been so?

Mr. CONLON. The American Locomotive Works of Manchester—or Allegheny.

Mr. THOMPSON. They have no bonus system there?

Mr. CONLON. They had a bonus system there, what was known as the standard-time system. I believe they experimented with it for a period of two years or more at a cost of \$800,000, and finally discontinued it as being unsatisfactory.

Mr. THOMPSON. That is a case where the company itself abandoned the system?

Mr. CONLON. Abandoned the system.

Mr. THOMPSON. Do you know what system they used?

Mr. CONLON. They use the straight piecework system now.

Mr. THOMPSON. It was not the bonus system, then?

Mr. CONLON. Yes; they had what is known as the standard-time system, with a bonus.

Mr. THOMPSON. How does that operate in connection with the piecework system?

Mr. CONLON. The standard time was a set time, and it had two—I do not recall it now. May I refer to this book here?

Mr. THOMPSON. Certainly.

Mr. CONLON. I read from page 199 of this pamphlet, which is Official Proceedings of the Railway Club of Pittsburgh, at its meeting on February 25, 1910. I said at that time: "Now, all these operations would be added up upon completion of the job and the combined time placed on the card as the standard time for turning a crank pin, and this time taken by a stop watch and under the most favorable circumstances must be lived up to to enjoy what is known as 100 per cent efficiency, which entitled the man to a bonus of 20 cents on the dollar based on his day rate, if he can maintain an average efficiency of 100 per cent for the entire week. But broken belts, dressing tools and grinding them, waiting for card, dispatching cards, and failure to find the necessary clamps and bolts play havoc with 100 per cent efficiency."

Mr. THOMPSON. You have been reading all that from this pamphlet?

Mr. CONLON. Yes, sir. So that when a man maintains an average of 85 per cent for the entire week he would be entitled to a bonus of 10 cents on the dollar, and so on up to 100 per cent efficiency, which entitles a man to 20 cents on the dollar. Then I go on to say something further on this subject.

Mr. THOMPSON. How intimately are you acquainted with the operation of the system in the shops you mention?

Mr. CONLON. Not as intimately as I should like to have been. My attention was called to it by reason of the strike that took place somewhere along in the fall of 1909. I went to New York for the purpose of adjusting this strike with Mr. David Van Alstyne, who was then first vice president of the American Locomotive Co. Mr. Van Alstyne very bluntly told me that the standard-time system had come to stay, and that we would have to accept it in all its ramifications or else get out of the plant. I went back and put the men back in the plant, because they had to abide by their constitution in the matter of striking; and, secondly, we were not sufficiently acquainted with the system to know whether they had a just cause for striking or not.

I then took it upon myself to find out how much cause for complaint they had, and I got into the shop, and I noticed that the men were working at a pretty good gait, and I noticed also that many of them were in a frenzy because they could not get the crane at a particular time when they wanted it to turn over a pair of cylinders, and my attention was especially attracted to a drill press where a young boy was drilling holes, and I timed that boy one day going to

the card-dispatching room to get his cards, and I found that going to get his card and put it back in again for the job, he took from a minute to a minute and a half time to put the card back; and I took the time on the job, and I figured that that boy spent 40 minutes trying to uphold the system and 20 minutes producing, and I thought that it was a pretty poor system that would require a boy to do that. Then I got interested in knowing just what particular amount of bonus these men were getting. I did not tell them what I was there for, but when they came up to the pay window and got their envelopes, they tore the top of the envelope off and threw the envelope away, and after they went away I picked up some 38 of these slips and put them into my pocket and took them to the hotel and counted them up. I have here the record of what the slips said. These slips I gave to the Railway Club of Pittsburgh, in order that they might verify them for their own satisfaction. The slip gave the name of the man, his weekly earnings, the amount of bonus, and the number of hours worked, and the number of workmen. I read from page 189 of the Official Proceedings of the Railway Club of Pittsburgh for 1910, quoting from a statement which I made at that time:

"In making my inquiry regarding the bonus paid I was surprised to learn of the few who had received any bonus, so started out to gather a number of pay envelopes at random to satisfy myself as to what extent it was being paid. I have here in my hand 38 pay envelopes that I thus secured, belonging to men who were working for the American Locomotive Co. during the week ending November 20, 1909, as machinists. These men are still working for this company, and their shop numbers are on the envelopes, together with their earnings and bonus paid, and I am going to leave them with the club for verification if necessary. This is what the envelopes say: The aggregate earnings in these 38 envelopes was \$510.86, and the total amount received in bonus was \$6.57. The highest bonus paid was 72 cents and the lowest was 2 cents. Fourteen men of the 38 here represented got no bonus whatever. However, the matter of bonus does not concern us, as we much prefer any bonus or premium that company might see fit to bestow upon us to be added to our hourly rate; but what did concern us was the marking down of efficiency, which constituted a cause for dismissal if not above 69 per cent."

Mr. THOMPSON. What system was that, if you know, which was installed there?

Mr. CONLON. I think it has something to do with Mr. Emerson's system. I am not sure about it.

Mr. THOMPSON. Your experience, then, in that shop, would indicate that the system there installed had not been efficient at all?

Mr. CONLON. No, sir.

Mr. THOMPSON. Take for a test, however, shops in which systems have been introduced, either Mr. Emerson's or others, where it has increased the pay of the worker and lightened his work and increased the output; what do you say with reference to such a system in a shop?

Mr. CONLON. I have never heard of such a place except from scientific engineers.

Mr. THOMPSON. You heard Mr. Dodge on the stand?

Mr. CONLON. Yes.

Mr. THOMPSON. Apparently his case is such a case.

Mr. CONLON. We have no evidence of it from any of the members of our association.

Mr. THOMPSON. But if such a case did exist, then in that particular case at least, it would be a good thing?

Mr. CONLON. If it increased the wages of the employees and reduced their hours?

Mr. THOMPSON. Reduced their work—the burden of the work?

Mr. CONLON. And reduced their work; yes. I should say that it was a good thing.

Mr. THOMPSON. Then, these reasons which you give in opposition to the introduction of scientific management schemes would not pertain to such shops would they?

Mr. CONLON. We are not opposed to efficiency. We welcome it. We want it. But we are opposed to any system of exploitation that is going to hold us up to a certain task, day in and day out, with no relaxation. If your question is, do we favor anything that has with it a method or a system with absolutely no point of relaxation in it, I say no.

Mr. THOMPSON. Then, we are to understand that the objection really is not to scientific management or to efficiency systems, but to those systems or to that class of management in which there is no relaxation?

Mr. CONLON. We are opposed to a bonus system, or what is known as so-called scientific efficiency systems.

Mr. THOMPSON. I am trying to get at why, and you say you are opposed to any system which gives no relaxation to the men?

Mr. CONLON. Yes.

Mr. THOMPSON. But if there should be such a system, which did give relaxation, there would be no objection?

Mr. CONLON. That does not require a task within a standard limit.

Mr. THOMPSON. Is it not possible that a man can have a task within a standard limit, which will give him an opportunity for relaxation?

Mr. CONLON. Yes; if that is possible.

Mr. THOMPSON. To give you an illustration, suppose even an ordinary slow worker would take a half an hour in doing a piece of work, and the standard test would give him an hour; there would not be any objection to that system on the basis that there was no relaxation?

Mr. CONLON. No.

Mr. THOMPSON. Now, suppose a system was introduced by which a man with less effort could complete that work in 20 minutes; what objection would there be to such a system?

Mr. CONLON. The very fact that it is a system; that it is a system of exploitation that is continually going on. We have had tasks and expect to have them. There is not an operation in a railroad shop that is not timed.

Mr. THOMPSON. Then you do not object to the task?

Mr. CONLON. If it is a reasonable one, no.

Mr. THOMPSON. Yes. Then the question is, after all, is it reasonable or unreasonable, fair or unfair?

Mr. CONLON. We object to a minimum task being set.

Mr. THOMPSON. No; but to get back: You say you have no objection to a task, because tasks are established in railroad employment?

Mr. CONLON. Yes.

Mr. THOMPSON. Then your objection is really based on its reasonableness or unreasonableness, its fairness or unfairness to the worker?

Mr. CONLON. Sure.

Mr. THOMPSON. Assuming, then, that in any given case a system of scientific management could be introduced to the advantage of the industry, and that the employees should have a voice in its introduction, in the setting of the standard, in the determination of the price; a voice, say, equal with that of the employer; what objection, then, could there be to the introduction of a beneficial efficiency system, in such a shop?

Mr. CONLON. Our objection would be considerably modified if we had a voice and a say in the matter.

Mr. THOMPSON. If you had an equal voice with the employer, and the system was a good one to be introduced in that shop, would help the pay of the men and would lessen their efforts, then your objection would be removed, would it not?

Mr. CONLON. Yes; if we had an equal voice in it.

Mr. THOMPSON. I think that is all that I care to ask the witness.

The ACTING CHAIRMAN (Commissioner Delano). Mr. Garretson, have you any questions?

Commissioner GARRETSON. Is it not true that just as long as scientific management or efficiency systems or whatever is represented by any of those names is based upon the sweeping away of all that the men have done for themselves in a series of years past, just so long there will be objection to it?

Mr. CONLON. Yes, sir.

Commissioner GARRETSON. You read an excerpt from your laws, which was the declaration of the attitude of your organization toward task work. I am using that to describe a half a dozen things. By whom were your laws made—by the rank and file of the organization?

Mr. CONLON. Yes.

Commissioner GARRETSON. Or by the officers?

Mr. CONLON. They are made by the rank and file of the organization; by a referendum vote.

Commissioner GARRETSON. Of the individuals themselves?

Mr. CONLON. Of the individuals themselves.

Commissioner GARRETSON. Therefore the declaration of the law is the declaration of the rank and file?

Mr. CONLON. Yes.

Commissioner GARRETSON. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Commissioner Lennon, have you any questions?

Commissioner LENNON. There is just one question that I want to ask Mr. Conlon. Is not your attitude upon this question based more upon the fact that no matter for what reason, collective bargaining has not been tried to any extent in these shops?

Mr. CONLON. Yes; that is quite largely true.

Commissioner LENNON. Yes.

Mr. CONLON. After our trouble with the standard time in the American Locomotive Co., we were called in by the vice president who succeeded Mr. Van Alstyne, and asked if we would bargain with him on piecework. We have never agreed to bargain even on that until that time and we readily agreed to go ahead and do the best we could with anything that would be a substitute for the obnoxious standard-time system.

Commissioner LENNON. What do you think would be the attitude of your union if some employer in your line in this country would communicate with your headquarters saying that they had the efficiency system—by some name no matter what—instituted in their establishment, and they would like to take up for consideration with your union the question of collective bargaining? Do you feel that your union would refuse to go and make investigation and get carefully into the matter, if such request should come to you?

Mr. CONLON. Do you mean that we would refuse it?

Commissioner LENNON. Yes.

Mr. CONLON. No, sir. We would lay that matter before our general executive board, and I am sure that they would recommend investigation into the matter at once.

Commissioner LENNON. I rather infer from your answers to Mr. Garretson's questions and my own and some of Mr. Thompson's that if a friendly attitude had been maintained so far as unionism was concerned in some of these shops you would probably have gone into a more thorough investigation and would if you could, have probably entered upon collective bargaining with these firms.

Mr. CONLON. There are some features of the systems that we might bargain on.

Commissioner LENNON. Yes.

Mr. CONLON. And there are some that we have not yet brought ourselves to the point of bargaining on, such as the stop watch and the bonus part of it.

Commissioner LENNON. You have collective bargains as to piecework already have you not?

Mr. CONLON. Very few.

Commissioner LENNON. Very few?

Mr. CONLON. I do not believe we have any now, at the present time. Yes; we have one with the Norfolk & Western Railroad.

Commissioner LENNON. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Ballard?

Commissioner BALLARD. You have read from the constitution and by-laws of your union?

Mr. CONLON. Yes.

Commissioner BALLARD. Would you mind leaving with us a copy of them?

Mr. CONLON. No, sir.

Commissioner BALLARD. That is all.

Commissioner HARRIMAN. May I ask—you spoke of not having yourself personally seen many of these shops where this scientific management is installed, and I want to know how many of the labor people you think have really studied the question or really understand it; I do not mean the men themselves so much as the leaders. Do you think they have gone thoroughly into it, and do you think many of the leaders have been to these places and investigated, or do you think that they have just taken it from what they have read and hearsay, and, as you have said, by letters from the employees?

Mr. CONLON. Our experience has been based entirely upon grievances that have come to us. Now, as a matter of fact, there has not been sufficient of these systems introduced where our membership has a foothold for us to come to any practical knowledge, or to get any knowledge practically, or a opportunity of investigating the matter; the employers generally throughout

the country have not seen fit to adopt this system. Railroads—I do not know of one, except the Santa Fe, that has adopted it, and, as a consequence, we are limited as to an opportunity for investigation.

Commissioner HARRIMAN. What I mean is, that apparently you have taken quite a decided stand against it; that is, you are advising a very decided stand against it.

Mr. CONLON. Yes.

Commissioner HARRIMAN. Is it from personal knowledge that you have taken that stand?

Mr. CONLON. It has been from a personal knowledge with other systems that have been a forerunner of the Taylor and Emerson systems; one known as the Towne and Halsey system, which has been exploited for some years; but they all look alike to us.

Commissioner HARRIMAN. But are you sure that they are alike?

Mr. CONLON. No; they are not alike, inasmuch as some are premium systems and the others are bonus systems, but they are synonymous to us; they are about the same.

Commissioner HARRIMAN. Have you ever seen the Taylor system working in arsenals? I understand that it is installed in the arsenals at Watertown.

Mr. CONLON. Mr. Alifas, the Government representative, has seen it in operation in the arsenals. He will follow me later on.

Commissioner GARRETSON. Let me add one more question, Mr. Chairman.

The CHAIRMAN. Certainly.

Commissioner GARRETSON. Is it not a fact that a very large portion, or virtually all, of the laboring men conversant with conditions have based their objection largely to the efficiency systems on the writings and utterances of the authors of those systems?

Mr. CONLON. Very largely.

Commissioner GARRETSON. And the declarations contained therein?

Mr. CONLON. Very largely.

TESTIMONY OF MR. DAVID VAN ALSTYNE.

Mr. THOMPSON. Will you give us your name, address, and business?

Mr. VAN ALSTYNE. David Van Alstyne; residence, 105 West Fortieth Street, New York City.

Mr. THOMPSON. What is your profession?

Mr. VAN ALSTYNE. At present I am assistant to the president of the New York, New Haven & Hartford Railroad.

Mr. THOMPSON. What experience have you had with so-called efficiency systems?

Mr. VAN ALSTYNE. I was the introducer of the Emerson system into the American Locomotive Co. That is about the extent of my experience.

Mr. THOMPSON. That is the experience which Mr. Conlon spoke of?

Mr. VAN ALSTYNE. Yes.

Mr. THOMPSON. What was the attitude of union labor toward the introduction of that system, if you know?

Mr. VAN ALSTYNE. Union labor and nonunion labor were opposed to it.

Mr. THOMPSON. What was the reason for the breaking down of the system, if you know?

Mr. VAN ALSTYNE. It had nothing to do with the system.

Mr. THOMPSON. Well, what was the reason?

Mr. VAN ALSTYNE. It was outside. You mean why they took the system out of the concern?

Mr. THOMPSON. Yes.

Mr. VAN ALSTYNE. They took it out after I left, immediately after I left; but it had nothing to do with the system. It was a totally different affair.

Mr. THOMPSON. Do you know what the affair was?

Mr. VAN ALSTYNE. Yes; I do.

Mr. THOMPSON. Did it have anything to do with labor?

Mr. VAN ALSTYNE. Nothing to do with labor at all.

Mr. THOMPSON. Do you know of the use or introduction of an efficiency system by and with the consent of labor anywhere?

Mr. VAN ALSTYNE. It was done by and with the consent of organized labor in the American Locomotive Co. when it was finally accomplished.

Mr. THOMPSON. Is it in existence there now?

Mr. VAN ALSTYNE. Not that I know of.

Mr. THOMPSON. What kind of agreement, if you know, was made with union labor with reference to the introduction of the system there?

Mr. VAN ALSTYNE. I made an agreement with the molders' and blacksmiths' unions, which was the ordinary trade agreement, but the principal feature of it was that the unions committed themselves to a maximum output, of which the company was to be the judge, and the basis of it was the Emerson standard time system and a bonus paid for efficiency above two-thirds in addition to the straight day's wages.

Mr. THOMPSON. Were there any provisions in the contract as to how this worked out? Did they make any provision in regard to adjusting the standard?

Mr. VAN ALSTYNE. In order to facilitate matters we agreed to make the standard times by means of a demonstrator, and if there was no objection to that we put the time into effect, and it became the standard; it was provided for in the agreement that the shop committee could object at any time they wanted to, and if the shop officials and the shop committee could not agree it was further provided that it would be officially settled by me and the head of the union.

Mr. THOMPSON. Was there any provision for a third party or umpire in case you and the head of the union disagreed?

Mr. VAN ALSTYNE. No.

Mr. THOMPSON. During the time the system worked and while you were there did you and the head of the union agree as to the standards to be fixed?

Mr. VAN ALSTYNE. We had no occasion to.

Mr. THOMPSON. There was no complaint about that?

Mr. VAN ALSTYNE. No.

Mr. THOMPSON. What was the effect on the earning power of the workmen, if you know?

Mr. VAN ALSTYNE. It increased the average materially, but by reason of changing from a very poor piecework system, and by reason of the fact that the agreements were based on day wages, day rates, day rates which were similar to the ruling rates in the neighborhood of the various plants, in some cases the rates were actually reduced by agreement.

Mr. THOMPSON. You have heard the testimony of Mr. Conlon in regard to that plant?

Mr. VAN ALSTYNE. Which plant?

Mr. THOMPSON. The American Locomotive plant.

Mr. VAN ALSTYNE. We had 10 plants.

Mr. THOMPSON. But the one at Manchester.

Mr. VAN ALSTYNE. Yes.

Mr. THOMPSON. In which he said that he picked up a great number of pay envelopes and that the highest bonus that any workman got was 79 cents, if I remember correctly.

Mr. VAN ALSTYNE. I understood him to say that was Pittsburgh.

Commissioner GARRETSON. That was Pittsburgh, Mr. Thompson.

Mr. VAN ALSTYNE. That was Pittsburgh. Pittsburgh was full of agitators at that time, and they were doing all they could to interfere with us, but that was only one plant out of ten, and that was only temporary.

Mr. THOMPSON. Was the system introduced into the other plants?

Mr. VAN ALSTYNE. Oh, yes.

Mr. THOMPSON. Is it working in any of the plants now so far as you know?

Mr. VAN ALSTYNE. I don't think it is.

Mr. THOMPSON. Generally, what was the effect of the introduction of the system on the relations of the workmen and the management in other places than Pittsburgh?

Mr. VAN ALSTYNE. I should say they were improved, because the general officers of the unions with whom we made the agreements were well satisfied. I was well acquainted with them and met them frequently; in fact, when we made the agreement with the molders' union Mr. O'Keefe and I visited all the plants, and he represented the company and I represented the union, in that he put it up to the men that they had made an agreement and that he expected them to live up to it in good faith, and I urged the nonunion men to go into the union on account of the agreement which was made by the union officers.

Mr. THOMPSON. You heard Mr. Conlon speak about the strike that occurred?

Mr. VAN ALSTYNE. Yes; that was at Pittsburgh.

Mr. THOMPSON. And that was due, in your opinion, to these agitators, I take it?

Mr. VAN ALSTYNE. Yes.

Mr. THOMPSON. And not to the introduction of the agreement?

Mr. VAN ALSTYNE. No; because I had every reason to believe that if I had offered the same agreement to the machinists' union, which had no organization in the plant except locally, we could have made the same arrangement with them easily.

Mr. THOMPSON. In the introduction of this system, in the joining of yourself with the workmen to adjust standards, in your opinion was that a good scheme?

Mr. VAN ALSTYNE. Absolutely.

Mr. THOMPSON. And would be a good scheme in the introduction of systems?

Mr. VAN ALSTYNE. Yes.

Mr. THOMPSON. You have no opinion on the matter of the introduction of the umpire, have you, between you two in case you fail to agree?

Mr. VAN ALSTYNE. I think it might have been a good one, but we didn't get that far. We had no occasion to.

Mr. THOMPSON. That is all I care to ask.

Commissioner GARRETSON. Mr. Van Alstyne, I do not know whether I quite understood you or not, but you believe in the putting in of an efficiency system that it is more desirable to take the matter up with the unions that are affected rather than to attempt to force it in on them?

Mr. VAN ALSTYNE. If I were a laboring man I should fight an efficiency system to the death.

Commissioner GARRETSON. If they did not?

Mr. VAN ALSTYNE. Yes.

Commissioner GARRETSON. You believe that men and hogs are not easily driven?

Mr. VAN ALSTYNE. I believe that an efficiency system or a scientific-management system in a shop is fatal to unionism, and I think we need unionism more than we need efficiency management.

Commissioner GARRETSON. That is all, Mr. Chairman.

Commissioner DELANO. That is all; I do not care to ask any more.

Commissioner BALLARD. The only thought that occurs to me is this: If in 10 of these locomotive plants the system was installed, and it was thrown out, you would not care to give the reason?

Mr. VAN ALSTYNE. It hadn't anything to do with labor. You perhaps have read more or less about the American Locomotive Co. in the papers lately, and you can draw your own conclusions.

Commissioner BALLARD. Do you think this efficiency system is fatal to it by itself; that is, unless it is part of the consideration with the employee and go along with it?

Mr. VAN ALSTYNE. Every labor agreement should have two sides to it; the ordinary railroad agreement, for instance, binds the employees to certain specific rates of pay, and certain apprentice rules, and certain hours, and all sorts of things. It binds the employee to do nothing except sit in the shop a certain number of hours. It is my judgment that every operation should be measured by piece price, or standard time, or something; that these times or prices should be made a part of the contract, and should be subject to joint agreement or joint adjustment.

Commissioner BALLARD. Under those conditions it would not be fatal to the unionism of the shop?

Mr. VAN ALSTYNE. No.

Commissioner GARRETSON. May I add one question here? This is drawn out of this statement of Mr. Van Alstyne's. Probably he only makes it from his own viewpoint. You spoke of railroad agreements; you meant shop agreements?

Mr. VAN ALSTYNE. I means shop agreements; yes.

Commissioner GARRETSON. Then you are not familiar with road agreements?

Mr. VAN ALSTYNE. I am; yes.

Commissioner GARRETSON. They all contain—there is another proviso in road agreements in regard to only getting so many hours; they contain that measure.

Mr. VAN ALSTYNE. You are right; I should have mentioned that.

Commissioner GARRETSON. That is the point I wanted to bring out.

Mr. VAN ALSTYNE. All agreements should be on the same basis as the engineers' and firemen's and conductors' agreements—definite.

Commissioner HERRMAN. I understand that believers in scientific management claim that the system is the best friend of the employer or laboring man. Do you deny that? Do you deny that it is a friend to them in the end?

Mr. VAN ALSTYNE. I do not think it is good for the laboring man to have his loyalty to the union destroyed. I think the laboring man, when he can make the scientific management a part of the contract with his employer and do both, work under the efficiency system and have an incentive to remain loyal to his union, would be better off.

Commissioner HARRIMAN. Could not that be possible? Could that not be brought about, that the union by having a scientific management, having the two things go along together?

Mr. VAN ALSTYNE. Absolutely. We made such an agreement in the American Locomotive Co.

Commissioner HARRIMAN. You said a little while ago that it would be fatal to the union.

Mr. VAN ALSTYNE. Unless it is made a part of the agreement. There would be no trouble with it then.

Commissioner DELANO. That is all, Mr. Van Alstyne. Thank you very much.

TESTIMONY OF MR. CARL G. BARTH.

Mr. THOMPSON. Will you give us your name, residence, and occupation?

Mr. BARTH. Before I do I would like to get a little more air. I am pretty nearly smothered.

(Whereupon an attendant opened a window.)

Mr. THOMPSON. Is that better?

Mr. BARTH. I have not felt the effect as yet, but in anticipation of some improvement I will proceed. My name is Carl—written with a C and not a K—Carl G. Barth. There is more to it, but it is too long to state.

Mr. THOMPSON. Where do you live?

Mr. BARTH. Well, ask me where my wife lives, and I can tell you. I live where she lives—6151 Columbia Avenue, Philadelphia.

Mr. THOMPSON. I didn't know you had been married.

Mr. BARTH. Oh, I have been married for 33 years. I don't remember the time I wasn't married.

Mr. THOMPSON. What is your business?

Mr. BARTH. Well, that is an awfully hard question to answer, but as people insist that a man assume a title in order to cover a multitude of sins, I assumed the title of consulting engineer, because I can do anything under the sun under that title.

Mr. THOMPSON. Are you acquainted with what has been called by Mr. Taylor "scientific management shops," as relating to the workingmen?

Mr. BARTH. I should certainly say I was, if any man is. I am, next to Mr. Taylor.

Mr. THOMPSON. You have had many years of experience in that regard?

Mr. BARTH. It will be 15 years this summer since I got in touch with that work, although I knew Mr. Taylor 30 years ago also. I know some of his earlier efforts.

Mr. THOMPSON. I will first direct your attention to this question: After a standard is set for piecework, what provision is made for preventing the management from changing it in order to drive the worker to a still higher rate of production?

Mr. BARTH. Nothing whatsoever, except self-preservation of the manager, if he is not one of these darn fools that we will kill yet, as one was killed yesterday, that he will have sense not to do it.

Mr. THOMPSON. What is the protection?

Mr. BARTH. The only protection I know of is that there are enough of these fellows around, I will admit; but I would like to see some other kind of protection.

Mr. THOMPSON. What is your experience with employees and managements as to their taking advantage or not taking advantage of that opportunity?

Mr. BARTH. So far I have not seen any, but I have worked, unfortunately, in an establishment where they have driven the men before so much that a time-study man has been brought up, and not by myself but by others, that I have been somewhat in touch with; they have been in that spirit, but the time is rather short, in a good many instances, so that the matter approaches somewhat the condition in the shoe factories that I have heard about. It is in factories where the work is similar and where the men should be treated more like women have been, where the proper thing has been done fully. Also in connection with that matter it has happened that a man like myself is usually

asked to take an extended leave of absence, usually for a lifetime, long before he likes to withdraw and before he can get people to see that it is to their advantage and what ought to be done. I never yet had the pleasure of spending half the time that I would like to spend in a plant, and I do not expect to have that pleasure. I do not expect to live long enough. God Almighty could not live long enough to do it, so what can you think about a human being?

Mr. THOMPSON. What experience have you had in introducing the system where the workmen were organizing unions?

Mr. BARTH. Nothing whatsoever. Curious enough, I have not been in touch with any organization at all, except once on the outside I met nine laboring men at Pittsburgh and they started in to eat me up, but before I got through, at the end of two hours and a half, we were very good friends and shook hands, and there wasn't a man there that I did not feel that I could cooperate with when I got through with him.

Mr. THOMPSON. Do you see any objection to the cooperation of organized labor and scientific management in the shop?

Mr. BARTH. Not in case these fellows will come to me to go to school for two or three years first. I will give you the same answer as Bob Ingersoll gave a man once. I never forget it, because it is a fine answer of a fine man, given to a man in the audience who objected to something that he said about the Bible. He said "My dear friend"—the audience wanted to shut down on him, but Ingersoll said: "No, let us hear what he has to say." The man wanted to talk about matters which from the point of view of the audience were perfect nonsense, but Ingersoll said, "My dear friend, if you will go back to an ordinary common school first for three years, and then go to college and spend three or four years there, and spend three or four years more on top of that thinking about these matters, I will argue that question with you;" and so it has to be with a great many people; I would want to have them put themselves in my hands so that I could teach them and they would know what we were going to argue about, before we would have any discussion. But I am willing to admit that by nature I am particularly inclined to instruct, and particularly inclined to receive instruction. I am always ready to teach and always ready to learn.

Mr. THOMPSON. Providing the laboring men do come and are instructed by you as you say, what objection would there be to cooperation between union labor and the employer?

Mr. BARTH. I do not think there would be any in the slightest, so far as I can see; absolutely none whatever. I never had any trouble with anybody that went to school with me. That is saying a good deal, but I will stand on my record with anybody that knows me.

Mr. THOMPSON. Then, there is not any necessary objection to organized workmen working in connection with the scientific-management system?

Mr. BARTH. Nothing except the education that I am speaking about. That has got to come to them some way or other. They are going to be educated to the ideas we are trying to work out, so as to come in and argue on the question.

Mr. THOMPSON. You mean assuming that they are educated to believe in the scientific-management system, as you understand it?

Mr. BARTH. Yes.

Mr. THOMPSON. Then, what objection would there be to joining with the proprietor of the shop in carrying out the system?

Mr. BARTH. Only I believe there would be mighty little for them to do, but to follow that thing out, to take up the spirit and to follow that as far as I am able to, I believe it would be possible to argue about a base rate. Fluctuation and hard times come, when reductions should be made, and then extraordinary good times, there should be an increase. In good times everything costs much more, because normal things keep on costing high. Of course, you understand I am no economist, but I have been taught that as a young man, that in good times things are cheap, and in hard times things are dear, and the fluctuations in this country are upsetting these things, and the great financiers—I don't understand that question, though; that is not part of my business.

Mr. THOMPSON. Then you believe it is possible for the men and the proprietor to get together on that question of setting a basic rate or standard?

Mr. BARTH. Yes; there are awfully few impossible things in this world. I think it is within the realm of possibility.

Mr. THOMPSON. Would you say it is inadvisable?

Mr. BARTH. No; I would not say that at all; no, sir. I simply have not thought very far about it, because I am so imbued by the idea, and I do not think that all the daily troubles that somebody tells us are going to come next year—I don't think about them; we haven't had that trouble yet.

Mr. THOMPSON. Then you have not taken into consideration the question of collective bargaining?

Mr. BARTH. No; not very seriously, because I do not shake hands with the devil.

Mr. THOMPSON. As a scientific man would you prefer not to give an opinion?

Mr. BARTH. I believe that is a false idea among the public, that every man has a right to his opinion. I believe there are very few men who have a right to their opinion. I consider—and I am constantly studying—that you have no right to an opinion, because you never sweat for that opinion, just because your grandfather or your mother had it or some old woman that you have heard around the street corner had it. I do not consider that a good right that I should have that opinion. If you lie awake at night and study, and so forth, and so on, it is possible to get opinions; but I have got mighty few; but, by the Almighty, they are strong. [Laughter.]

That is the Taylor system, but, you know, people prefer to modify it somewhat.

Mr. THOMPSON. Then, you have not entertained an opinion of the collective bargaining system, attaining it through a process of study?

Mr. BARTH. Not that I consider myself entitled to an opinion, a serious opinion, except so far as people, you may say, absorb something through the atmosphere; but I have sense enough not to perspire it out again. [Great laughter.]

Mr. THOMPSON. What effect, if you know, has the introduction of scientific management had on the welfare of the workmen who work thereunder?

Mr. BARTH. Now, will you allow me to make quite a little discussion about those matters?

Mr. THOMPSON. It is up to the chairman.

Mr. BARTH. Mr. Chairman, may I be allowed just to take the initiative in some matters myself on the whole scheme of management?

The ACTING CHAIRMAN (Commissioner Delano). Go ahead.

Mr. BARTH. I consider that I occupy quite a singular position in this whole matter, because most of it is nothing but talk. I got into this work because I proved myself to be a good efficiency engineer and particularly inclined to make use of what little mathematics I had learned in the old country on practical problems, and that is why Mr. Taylor got me. For 14 years I was a machine designer, and I designed machine tools that were as good as any of them. I rose in a short time from \$10 a week to double the salary of a foreman. I was not made a foreman for certain reasons. I will not mention them. I had my own ideas of what certain things about machine tools should be, and so, of course, I got the start, and the ideas, some of them, I got from England. I found out that they came from England. I was one of the few men that found out that Englishmen knew something 50 years ago, some things that some of us are just beginning to find out now.

So, when I came to Mr. Taylor my combined knowledge of machinery and the ability that I had in the applying of mathematics in that relation later on made a most happy combination, and I fell into that work in a wonderful way, and I have been working on it with a great deal of enthusiasm for many years. In fact, my pastime is to work in a little different way, not fussing and quarreling with men in the shop—I do not mean now literally; I mean fussing around—but to sit down by myself with God Almighty and a piece of paper and a pencil.

I got an ideal on which I believe that all machine-tool builders should build their tools. You understand, it was a crank's idea five years ago, but I have the great pleasure now to find that machine-tool builders are borrowing my ideas and are looking on me as an authority as to how to build machine tools; and it is this ideal of my own that I am working for more than anything otherwise, because it is based on efficiency of making tools more than anything that people dream of to-day. I want to touch that, you may say, from a certain point of view, that every machine tool in a machine shop is adjusted to certain musical chords, and they should be together, so that there is harmony. I do not mean that the physical noise is going to be less, but with a knowledge like mine on the part of everybody else around there, there will be more or less music and everything running in harmony. I will tell you what I mean by it if you will get me the blackboard which was here this morning for my benefit and

was taken away. Therefore, I hope somebody will bring it back. If you want to have it put before you properly so that you can understand the whole matter, let me have the blackboard. You can have your choice; if you want to have it, you can have it.

(Mr. Barth here pinned a blue print on the blackboard.)

What I have to say in this matter of perfecting machinery is, of course, a trifle. I am not conceited about it. Maybe other people think that I am, but I do not believe I am. I think that I occupy a unique position in this work. This blue print is a logarithmic layout of speed ratios.

(Mr. Barth here gave a short explanation of the diagram on the blackboard.)

Mr. BARTH. Now, it is the preparation of a standard for the machinery in a shop that is my work, and that is where I claim that I do more than anybody else to really standardize the differences; and when I say "standardize" I do not mean that I use standard time. That is a confusion of terms, to my mind. I mean the standardizing of conditions before you do the work. That is something tangible and something physical. And my work consists in blazing the way. And then, I never prepare a thing as I like to have it. That is the difference between what I do—I can come back to certain other things—and what other efficiency engineers do. They go and touch the high spots, do a little bit if they can, usually mighty little in really standardizing the conditions, and when I make a time study that means nothing. It would not mean anything.

Go right in the shops and find out who put a system in and you will find out just what it is. I will give you all that I have here, and you need not pay a dime for it if you do not want to, but it can be yours for nothing, if you want it, and I can throw light on lots of things, if you want this, and I would rather say too much to-day than not say enough; and I will say more privately, but it will not be for publication.

Now, I am trying to do something that will live when I am gone—something that will live even when I am dead; not only when I am gone from the shop and gone home to my wife. [Laughter.] Now, take these specific instances. Now, here I show the conditions in regard to a single manufacturer, and when you look at it you see that he does not know a thing about his work. Here you see the difference in the adjustment of these machines all the way through. Here are drill presses varying a little bit in size, you see. Look at these differences; see they vary, when they should be the same. Now, how can we get them the same distance apart, and what distance should they be apart? That is where I know I have got the machine tool builders to agree to this idea of mine, on the distance between the notes in an octave. Now, after spending some money—Mr. Dodge, you recognize this as some of the work in your shop, do you not?

Mr. DODGE. Yes.

Mr. BARTH. You see, these are all different. It is just as if this one had the nose in the back and this one in the front. [Laughter.]

Now, here comes the speed. You see how this thing comes, one big one and one smaller one, and this manufacturer has 16 speeds, and he loses 5. He tells his customer, "I have 16 speeds." He has got only 11. The most charitable thing to say is that he does not know any better; he is telling a falsehood, but it is an unintentional one. He does not know any better. That is what I have told them. The machine is so constructed that I was not able to do better with it without throwing away half of the machine.

Here you see where I still sacrifice some speeds.

(Mr. Barth continued his explanation of the diagram referred to.)

Now, I want to show you, so long as you have the patience to listen to me, just what I have done in one of those machines to bring them into line and to harmonize them and standardize them. Now, I haven't got much time to sleep, but my dream is—and I dream sometimes in between work and sometimes at night—my dream is that the time will come when every drill press will be speeded just so, and every planer, every lathe, the world over, will be harmonized, just like the musical pitches are the same all over the world. We can study that out and say, "We will get nearer and nearer to standardizing our material," so that when we ask for a certain material we get it, so that we can standardize and say that for drilling a 1-inch hole the world over that will be done with the same speed.

Mr. Dodge, you never knew that dream of mine. That dream will come true, some time.

Now, I have an invention here, but I never expect to get anything out of it. My son gets a little out of it, but I do not get anything. I have had to change all those things, and wherever you see a figure on this chart that means a new gear. Now, it is my principal job, gentlemen; and training young men to understand that. It is not a thing that comes overnight, but here is a thing that I am most sorry for, that my son has been working with me for seven years, and he is still my apprentice, whereas others have men with them for a year and then those men go out as efficiency engineers. [Laughter.] We had a man at Watertown Arsenal who came in and wanted work; a fine looking fellow; he came and applied for a job. He saw Col. Wheeler and talked with him, and the colonel was very well impressed by him. He sent him out to the time department to see Maj. Williams, and he was also very well impressed with him. Then, he sent for me to come in and see a man that he said looked very promising. It took me just 10 minutes to find out about him, because I have a certain way—not through a lawyer, but in my work there is a way—of finding out what a man knows. I asked him what his education was, and I found out that only a year ago he had been in a drug store as a drug clerk, and he had been there an assistant to one man who had once been an assistant to one of the great concerns of Europe—I am not saying any name—and in that way he had become an expert in cost accounting and in bookkeeping and in time study and all those things that I feel that I am not absolutely an expert in myself. As to the time study I do not know much about it except the theory. I can not use the stop watch. I wish I could, but life is too short. I turn that over to inferior men; the most important part of the system I turn over to inferior men, because the final thing is to make that right. But I have enough to do to prepare the way for that fellow. Like John the Baptist, I prepare the way. [Laughter.]

Now, here I will show you what is implied in just one single plant. Here are the things we have to do [indicating on blue print]. Every one of this group of machines had to have a chart made like that. Every pulley, every gear, if you can not get it from the manufacturer; and to-day even the great manufacturers can not give you drawings representing the machines that they build. They ought to be taken out and hung or drowned. They do not belong in 1914. [Laughter.]

Still, some of them have high reputations. It shows how crudely things are still done in this country. I do not know about any other country. I got disgusted over there and came over here. [Laughter.]

Now, I want to show you something further of that work. These little lines that you see there mean very little to you, but they mean everything to me [indicating on another chart]. By trying all those speeds as we find them, I can at once see what state of affairs we have in that shop, whether things are harmonious, or whether we have any old thing, and that is what we usually find. The instructions come along with the machine for speeding the machine, and the man figures out from that—it is a tremendous problem for him, you know—although it is nothing for anyone that knows how—he figures out that it is 25 or 30, and so he gets this again and again. When we put two speeds on the countershaft, we double up, and many a time a man thinks he has provided for 16 speeds, and what has he got? He has got only 10. That shows it.

Now, there is the same thing, and you see how it is condensed [indicating on chart]. You see how the spaces are more regular, and there is where they would not give me the money that I wanted, and I made the best that I could with what I had.

Now, this is much better for the workman, because while the workman knows mighty little about the machine he knows far more than the management, as a rule. Of course, there are exceptions.

Now, here is a case where I have laid out—of course, this was made over again for a lantern slide [indicating on another blue print]. I sometimes give talks. I hate to give them, but sometimes do, and when I give them I hammer away. There you see a group of machines, and you see the enormous gaps in that group of machines. There it is as they should have been [indicating on another chart]. That is what it will be 50 years hence, when manufacturers have either agreed on my periods or some other periods that will be just as good or better; although I think they will have a hard time to get anything better—I will say that, from the study that I have given it. Of course, nothing is simpler than two and one, and one and a half in between. There is nothing simpler than the square root in between one and two. How much the com-

mission understands of that I do not know, and I do not think it is very important. I will give them credit for something, though. I will give them a whole lot of credit for being the best body of men to study this subject. You can take that as you want to. At least, they ought to have an engineering counsellor. There is lots more to it, you know, but I have an awful good memory, so that I don't get in the habit of making notes as much as I ought to. I tell everybody else to do it, but I don't do it myself, much.

Now, here is a phase of the work that I do. If it is a question of asking me how to introduce scientific management in a machine shop, I never try it the same way twice. I go and spend only a very few days and make a report. One time I was asked to make a report by Mr. Redfield. After he had examined me in the last investigation he asked me to go to one of these companies, and I went and spent three hours in that company and then spent three days writing a report. At other times I can spend three days and make my report in three hours, but I am a very slow writer.

I ought to, but I have never learned as a young man, and you know you can not learn an old dog new tricks.

But, now, then, everywhere I go I do the preliminary work. I get farther along or less farther along—that may not be good English, but you understand me—before we do something to get more work out of the shop, because it is perfectly true that primarily it is the employer who looks after his interests and has got to make a showing. He is after his interests, as a rule, first. So I got no less than two cases of record. Mr. Dodge is one of them, but he was too modest to mention it this morning, but after we were working at the Link Belt for a while it commenced to look good. It did not look so good at first, but it came to look better later. He said, "Now, Barth, I will be perfectly satisfied if I don't get anything out of this system, if you get the men more." I did not think about throwing this bouquet to him when I came up here, but as we are friendly I will do it, because it is true, although I do not always tell the truth.

Now, then, my first object in a shop is to gain, to keep, and more to keep than to gain; but I have got to gain before I can keep. That is what the millionaires do, anyway. And in conference with the men—I wanted them to get used to me; I wanted them to understand that I am an awfully ordinary son of a gun. I put on overalls and I carry around tools among them. I didn't look very stylish, but I do not like these efficiency men who put on a good deal of style and wear kid gloves, and I don't have an office boy to carry the tools around for me, so in order to save time I picked up the tools and carried them around myself. I did not do that to play to the gallery, although I know it is good policy to do that—although I didn't do it for that. Mr. Dodge said that I didn't have any policy, and he got mad as hell at me once in a while, but I really did it because I can do it, and why shouldn't I do it? The time may come when I can't do it, but I am pretty lively yet.

Commissioner WEINSTOCK. We have discovered that.

Mr. BARTH. Somebody else has, too, but not always. Well, that is my prime object, and I am looking for benefits, first, to do that kind of work with the machine and improve it, that the man suggests. I try to find out what the matter is with the machines, and I tell you, all this talk about the employer looking out for the machines and not looking out for the men is all rot. I should say it is just about even, and it is most deplorable, from my point of view, because I look at the machine first. I haven't seen these sickly over-worked fellows that they talk about so much. When I meet them on the street cars they are as well dressed as I am, and they have been to the same kind of amusements, except possibly they don't spend the same amount of time that I do to get clean; otherwise there is no difference; I see no difference. I am very particular about that. I don't care how dirty I get, but, my God, I want to get clean afterwards.

But in that way I try to get at and correct the most crying defects and crying abuses of the man's machine, and it is, to my mind, most deplorable the amount of waste there is going on in this country by not repairing machinery. In my judgment the machinery doesn't fare half as well as most men do. Do you know why? My God, it is because they can't talk any more than a dog can. If they could, they would be howling terrible around here.

I was up against one case—I won't mention any names, but it is a very large company—I just happened to think of it. They had 60 drill presses in that plant, and there was not one on which I could test properly a 1-inch drill. Think of it. I had to buy absolutely a new one, and when I bought it, it

had to be modified to suit me. I got in touch with the best drill manufacturers of the country, and they all agreed to do what I wanted, so I got the machine to test the drills in such a way that we simply got the employer wondering what in the world was up, and they never saw anything like that in their lives before. Then there was a man came to me the next day and said "Barth, I have been laying awake all night long; I wonder how in the world you can make these drill makers do as they did." But that is a fact, and I want to mention that to show you how little people know about their own business. You know most doctors kill their patients, and while machines turn out things thousands of times better than they did years ago, it is also true of Mr. Taylor and his work; that is right, that is the proof of this conglomeration that I showed you. From my point of view it is disharmony; that is the way that I have sometimes, we haven't got the same kind of spirits around the house, with my wife.

But that is the way I approach the subject, so that when I finally get to these things that affected the men, they have confidence in me, and I do not know a single instance—there were rumors around the Link Belt Co. that I had been working on, that they told Taylor, but they didn't tell me. I was told that they were going to kill me; I wasn't told that by accident, because everything that is had around a plant—when I came around they would say "That is the reason," so that I was the scapegoat for everything that happened. You know people used to believe that God ran the world, and everything that went wrong was his fault, and that was the case here; there has always got to be a scapegoat. Of course, people don't put it that way, but when you analyze it, that was the reason, that God was always the scapegoat.

Now, just to show you how I can gain the friendship of men that way, I mention a case where this company here in the Middle West set to work to test tool steel, as we had done before often, and there was an old Swede who ran a machine for 15 years, and he was amazed at what we did. They had high-speed steel on the market for 12 years, but in this plant they did not know how to get it, except in one corner, and it did not go across the street, in the same plant, and when we got through with that thing, from the very beginning he saw things, and he was pleased—he was an exception that way—but from the very first minute he was pleased with the things that he learned, that he did not know anything about before, and it is deplorable that every machinist in the world does not know it to-day.

So much for that, but when we got through he asked to have a photograph made of the lathe with the test tool in, and with the instruments that we measured with, and among other things the stop watch, because we find the sun dial too crude for these things, and we have got to use a stop watch. Well, at first he got a picture, but he did not altogether like it, but here it is [exhibiting picture]. He said, "Barth, no; that is not what I want; I want you in the picture." So reluctantly—I am not very proud of my mug—I reluctantly consented to this, and tried to hide myself as much as I could, and it was simply pathetic to see how he valued that picture. And here it is [exhibiting another picture].

It was simply wonderful to him, the way we ran that lathe, and the way we speeded it and fixed it up and overhauled it for him, and the result we got. He was simply tickled to death, except that he forgot to die on top of it.

And it is the same way with the man that went that day to help me in testing drills, the next day when the drill manufacturers were present—I will mention here that we conducted the tests in tool steel in this plant where we had 15 men, representatives of 12 drill companies, present during the last two days, and the tool that won was admitted by everybody to be the best tool steel made. I knew that problem so well that I could swing these fellows on the outside, so that they were ready to beat each other up, and there was not a man that did not go away satisfied that everything had been done to show up the best in steel. I said, "Gentlemen, take your hat off, and take it off to Dr. So-and-so"—he was the man that made that tool steel.

I got an operator on the second day whose name was Emerson—he wasn't a relative of our friend Emerson here—and I said "Do you realize that you never knew anything about drilling before," and he said, "yes." I said, "Well, let us review it." I said, "Here is a representative of the drill steel company, and he thought he had to reduce the speed because he did not get results, and you agreed with him, and you proved that we did not get it when we increased the speed." Every time there was any trouble the ordinary man would reduce the speed, but unless you give certain things a certain amount.

of things to do it will not do anything hardly. It is like human nature, you have to give a busy fellow plenty to do and keep him pretty busy or he will get into such a habit that it will be a bad thing. You must keep him up to a certain standard, and if you do go too fast you burn it out in a machine, and so you will in a man.

I am a scientific man and an engineer, and I am entitled to the title, because I took the greatest possible care to find out the limit of the machinery in the cutting of tools, and I insist so far as it is in human power that the very same thing is done in finding out what a man can do, but unfortunately that job is too big, I can not do it all. I must turn it over to other men and instruct them and admonish them, and tell them, as I have always told them, "Remember the first thing it, if there is a doubt, to give the man the benefit of the doubt. I want you to realize that." I do not say that everybody does that; they may forget it, but that is the spirit that Mr. Taylor has inculcated in me, and it has all come from Mr. Taylor. I come from a long line of ancestors that raises hell once in a while. But we want to do a fine piece of work for the world, to the best of our ability, even if it is only one little bit of brick. You people are trying it, I suppose, to the best of your belief, and we are trying to do the same thing. There is no use of our pretending that we succeed always. Mr. Taylor sat here yesterday, and spoke about these things as if they were always an accomplished fact, and he spoke as if he was working night and day and spending money for the realization of his ideals. Now, I do not care to rap about millionaires; I would rather see them drowned, but we have not considered that we have a right to do that yet, but the time may come when we will do it in some way or other, I don't know.

Now, then, he can not help looking at these things a little too ideally, so far as accomplishment is concerned, but it is the spirit and not the absolute accomplishment. That is what Christ himself says, and I think it is a very fine thing, not because he said it, but because it is true. I don't care who says things as long as they appeal to me. It is for you to find out to what extent some of these things have been accomplished, or what has been accomplished that they intended to do, and it is only the ordinary human failing and the overambition of a lot of people who think they are especially fitted to do this work in some cases. I never thought them fitted, but some people have made me do it, I think against my better judgment; but I went at it in such a way that I got convinced that I can do some things pretty well anyway, but the other fellows told me that I was fitted to do that work; some people think that they are especially fitted for it, but they make this mistake—the desire to make big money from that ability to do the work—and that is a mistake, and it shows up again and again by the enormous number of failures there are in the country. You talk to some people about efficiency and they run you out. They could kill a fellow who comes around and says that, because of their experience with others. That may not be in all cases the result of the efficiency engineer, because there may be some fellows on the inside, but again and again you will find lots of fellows who will not admit that they tried it and found it a failure; who will not admit that they have been taken, and if you are after truth and facts I will give you some little line to work on.

Our people at home say, "For God's sake don't talk that way," but I can't do otherwise; no matter how many devils there are, you can always go and tell which you fought. I also want to say something about soldering in shops. There have been no facts brought out here to-day or yesterday to prove that there is soldering going on. I have any God's number of evidences about that, but as with that, so it is with everything else in the shop—it is the management's fault. I told the last investigation commission—and if you read it I will not repeat it, but the rest of the public may be interested in hearing it, because this is a public hearing. I do not know what that means myself, except that there is a public hearing, and we will put that interpretation on it, anyway.

I investigated one shop in New England, and went around with the foreman for three days. There was the most deplorable conditions, from the modern point of view, that I ever saw. Nothing was right in that shop. I came around through the shop with the foreman behind my back, and came up against a planer working. His eyes were apparently riveted on his work. He was apparently doing a wonderful work. At a distance the foreman imagined he was very busy. He would come along and see this man making those motions, and then go off somewhere else and see somebody else at work. We happened to almost sneak up behind him—not intentionally, you understand. I wanted to see the work. I was studying the work there—the

finishing and the other things. This was the most wonderful work in the world, so I was told. Everybody does that kind of work. Everybody has that idea until you find out what other people do. There was absolutely no cutter in that machine. Mr. Dodge knows those things happen. I did not know what to do. I did not want to inflict that awful mortification upon the poor man, so I looked at it and passed on.

The man must have felt awful. He did not know whether I was a mechanic or not. When we went away I said nothing. I suppose he thought "Oh, well, that is one of those fools that don't know nothing." But I mentioned that in the evening when I gave a talk to all the men—the foreman and the employers. The big bugs were all there. I said: "I want you all to understand this." I told them this man had said he had loafed in order not to make too much money, because "the minute he does you pounce upon him." I said "Don't go down and find fault with your foreman or with that man. It is your fault." I spoke that way to them, and I spoke of a good many other things. I talked to them pretty straight, and, my God, they needed it. There was one instance of it.

I saw a man come down from one of the departments away off carrying a casting. They were working in the old way of the shoemaker, the fellow was making all of the shoe—everything about the shoe. We had certain machines for this particular kind of shoes that he did not have. That fellow, personally, goes from his department down to the planer department where, as luck would have it, that planer was available, and he gets the planer going, and, probably, it took him 20 times as long to do that as it ought to.

Those things are criminal when you know better. When you don't know any better, of course, it is all right. The minute you know better it is wrong. As an engineer it is my duty, when once I realize it, to do all I can to increase the production and to utilize the equipment of production—to perfect it as it has been given to me. The man that does one little thing better than anybody else does it is just a little bit tickled over it, even when he lays down to die.

There is no question about Mr. Taylor's system. He has common sense. You can not pay, on the whole, a wage earner more money unless you can increase his productiveness. You can do it in isolated instances. There was a case cited here of two competitors, one making 5 per cent and the other 45 per cent. Of course, the 45 per cent man could pay more than the 5 per cent man. It is a drop in the ocean when you take work generally out over the country.

We are living better to-day than we used to because we are more productive; and, by jinks, we have not begun, as Mr. Emerson said, to utilize our reserve forces.

I believe in a personal mission. I believe that there are enough men in the world to do these things, and who are willing to sacrifice their individuality to aid in the advancement of all mankind. I know I could do that, and I am no better than the rest of you. I am just a very ignorant cuss, by jinks. Here is a millionaire, for instance, and if he knew how to give all of his money away to do some real good, great God, it wouldn't take 5 minutes to get him into this lodge; but he don't know how to do it. Lyman Abbott said: "If I had \$1,000,000, I wouldn't know how to spend it to-day." History has shows that when you spend a large amount of money to correct evil, it turns around and increases that evil. That is too much for me. I am awful glad I haven't got a million.

I guess that is enough. If you wish to ask me some questions, I can always answer questions, God knows—good questions, fool questions, and any kind of questions. If I have not succeeded in giving you anything worth while, try to pump me now.

Commissioner O'CONNELL. How about the nonproducer?

Mr. BARTH. We haven't any nonproducers. I will not admit that for one second. We have indirect and direct workers. When I sit in my office, doing all kinds of things, I am working in one way, and I am working like hell from morning to night, too. I will not stand for a minute for a fellow to come and call me a nonproducer. We will have a scrap about it, by God, if he comes too close to me. You want to forget this idea about producer and nonproducer.

Commissioner O'CONNELL. Do not we have them in society as a whole?

Mr. BARTH. No; we have parasites. Those are the nonproducers that eat without work. I don't know what you have observed about that, but probably not very much, from your question. That shows how little we have absorbed

the spirit of the Bible, because it says, if you don't work you shall not eat. Some of these fellows think too damned much about eating, and don't work a bit. We have parasites all around, and we want to get rid of them. They have no place in our system.

Commissioner DELANO (presiding). Mr. Garretson, have you any questions?

Commissioner GARRETSON. No; thank you.

Commissioner BALLARD (presiding). Commissioner Weinstock, have you any questions?

Commissioner WEINSTOCK. I was not here during the early part of your talk, so I doubtless missed a good deal of it.

Mr. BARTH. You surely did.

Commissioner WEINSTOCK. I was told I missed a circus.

Mr. BARTH. That is all I consider this thing, anyway—just a circus.

Commissioner WEINSTOCK. It is suggested to me that it is a wise man that stays out of these things, but I am going to be foolish enough to enter upon a question or two. You have been here a couple of days, and I suppose you have got the drift of this whole thing more or less?

Mr. BARTH. Yes. It was awful sometimes, but I guess I got it.

Commissioner WEINSTOCK. Among other things that have been brought to the attention of this commission is the matter of scientific management. This commission, in its report, will more or less be expected to say something about that. In the course of our investigation we have had more or less objection made to scientific management, more especially on the part of organized labor.

Mr. BARTH. I know all about it.

Commissioner WEINSTOCK. As one who has had long experience in dealing with the problem, and as one who is an authority, and who is an expert—

Mr. BARTH (interrupting). I beg your pardon; I do not believe there is any authority for this work.

Commissioner WEINSTOCK. I will modify that at your suggestion and call it alleged authority.

Mr. BARTH. That is all right; I will accept the amendment.

Commissioner WEINSTOCK. We would like to get your point of view and your opinion as to the objections that were raised on the part of organized labor against the scientific management. In the first place, the claim is made that scientific management increases productivity, but does it at the physical expense of the worker.

Mr. BARTH. If it did, it would be wholly unscientific; it would not be scientific at all.

Commissioner WEINSTOCK. It would not?

Mr. BARTH. No. Mr. Taylor suggested it would kill the golden goose. Some people do that. We know that.

Commissioner WEINSTOCK. From your experience and observation you would not admit that real scientific management means reducing the vitality of the worker?

Mr. BARTH. I admit it just as well as I admit that the moon was made of green cheese, absolutely.

Commissioner WEINSTOCK. The next charge that is made against it is that while scientific management may temporarily increase the earnings of the worker, in the long run his earnings are reduced.

Mr. BARTH. It has not run long enough to prove that. That is only guesswork.

Commissioner WEINSTOCK. Up to this time it has not?

Mr. BARTH. I have not seen any of it. I said some other things about that, and there is no need starting the circus performance a second time. You can read that to-morrow.

Commissioner WEINSTOCK. Up to this time you would deny the charge that it tends to cut the earnings of the worker?

Mr. BARTH. Scientific management? Oh, there is a lot of alleged scientific management that is an outrage to industry to-day, and I insist upon that.

Commissioner WEINSTOCK. The next objection raised to it is that it destroys collective bargaining.

Mr. BARTH. As I have never seen collective bargaining, but I have only heard of it, I can not say anything about it. I can not understand how a thing can be destroyed that I never saw myself. That is all hearsay. I never met this. I had talks with a lot of people about it. They started to heat me up, and when they did that I said, "Here, we part, because that is something I feel I could not deal with."

Commissioner WEINSTOCK. Do you believe that organized labor is a good thing for the laborer and a good thing for society?

Mr. BARTH. As I have never been near them, I have not much opinion on that; but from what I hear other people say—I can not help absorbing things, though I do not like to spread it out that way, for fear of faultfinding—there must be something of that kind in the air, just the same as scientific management. These people call it democracy. I never was a politician. I come from Norway, you know, where they don't have politics, and still I have been told much about those things. I do my daily task, and I set it myself. I don't need any task-maker for myself. My task is harder than anybody will give me, God knows. I don't bother about those questions until they come to me, and I feel if I have time enough to give anything attention I am entitled to a real opinion before I express it. You ask me what I think about it, and I will tell you I am too busy to think about it, and expect to be until I die. I did all the thinking I could when I was young, and I don't propose to waste another five minutes in that fashion. I am not going to waste five minutes on the labor-union question until they come to me. If I am called in on something and they say, "We are unions," I will say, "What about it? What about it?" We meet, get together, and have a talk with the labor leaders, and I am glad. How it will come out I can not tell you. If they want to be fair and square, I can tell you how it would be. In my opinion, they rank as a set of biased fools that would simply make use of me and waste my time on it, when I should put to advantage all my time as long as I can live, no matter how long I live.

Commissioner WEINSTOCK. You doubtless have explained to the other commissioners during my absence how the bonuses are arrived at.

Mr. BARTH. That is a thing I am just aching to show you, because all along since I have been here they have been talking about that for two days. I undertake to explain to you the meaning of premiums and bonuses and piecework, and why? Because when Mr. Halsey, the inventor of the premium system, got the invention I was working side by side with him 20 years ago, and I have been around the business, except for a period of time when I was not there, for some years. I was with Mr. Gantt when he devised his bonus system at the Bethlehem Steel Works 15 years ago. I was not with Taylor when he invented piecework, but I guess you can imagine it was not difficult to find out what his plan was. There are unquestionably three ways of paying men, and they do not consist of the true system. I had to laugh at the absurdity of a question asked by one of you commissioners the other day—what is the difference between the premium system and the Taylor system? Why not ask what is the difference between the earth and the universe? I do not ask that kind of fool questions any more.

They had a number of my countrymen working in the shops, that they any day make \$10. I did not dare make more than five. How did they handle the thing—because William Sillers & Co., like everybody else, did not give the men a job at the time, but they spend so much time on it and so much money. They gave them a bunch of tickets, and a man might be working for a long period of time, and he simply took time from the factory, and he averaged in such a way that he did not exceed the limit. But unfortunately there were some human hogs, from the point of view of the workmen, who once in a while would show us how to take the fat rate. They would make the fat rate and then skin out and then go elsewhere and take the fat rate there. That was called spolling the rate. So in the course of the years the plan nearly always reduced the fat rate, but they never got a chance to increase the real rates. The workmen would say, "Now, I have done so and so. For God's sake take the time off and put it in." That feeling was bad, and we are trying to create a better spirit, and we have done so to-day to a greater extent, so that I have seen that terrible defection, where I have seen it in the old country, men loafing in the navy yards, and after dancing all night I have gone in and slept in a boiler all day. [Laughter.] I heard an awful lot about it, because so many of my countrymen worked in shops in Philadelphia, and those shops there were considered easy shops. I know how the men deceived their employers and themselves. If a man gets \$10 a day, and he does not make more than five, just cut it, that is all. Now, Mr. Halsey says that I am going to show that I can do something better than that. He will simply go to work and select a certain length of time that it takes to do certain jobs. We will give up this baneful piecework that might have been erratic, and we will say simply, "The last time this job was done it took 10 hours, and we will just guess at it that if it

was done in 10 hours it could have been done in 8 hours easily." They first chipped off a couple of hours, and they told the man, "If you beat that, we will give you half the benefit, and we will have half the benefit." Mr. Halsey said one-third. Most people said one-half. So that we took the man who had a time limit of eight hours and he did that thing in four hours, which Mr. Halsey did not object to at all.

You take that system and a man will get six hours for four hours' work. What happens? The last man let himself out. They were told that there would not be any trouble about doing that thing; they would not have to meddle with that. The men made such enormous money that the fool of a manager came around again and cut that, too, and that is where all Mr. Halsey's disappointments came in, that he thought he was going to benefit the manufacturers and the workmen by this system, and he found it was just as bad as the piecework. Now, Mr. Halsey invented that system, and it was one of the disappointments of his life. He did not know anything about planning in the sense in which Mr. Taylor has carried it out. Long before Mr. Taylor had taken up his work with the Midvale Steel Co. he had arrived at the conclusion that guesstwork will not do.

It must appeal to anybody that finding out by the best methods we can resort to really the length of time that it takes a man to do a job is the only basis on which you will put a task on the limit. All these things are tasks. They give you \$2 a day there, but you have got to do so much work in a day. Even those workmen have a limit. The task has not anything to do with that. We use any one of a number of systems of putting a man on top of the task, and that is what we want to do to determine the task. What is the proper task for a man in a day? Why do we use the stop watch? Because the sun dial will not do. The sun is not up all the time. The stop watch does not get near enough sometimes. We can't get at the time on certain small operations, even with an ordinary stop watch. We will have to have an instrument to make it finer. So that you see here what was the baneful thing of the old piecework system, and the baneful thing on which we hope for improvement, that there were guesses behind the whole thing. Mr. Halsey thought that no matter how bad that was, the manufacturers would get so much more out of it that it would not disgust the man with what he got out of it, but it did. He came around and said, "That man can not have that much money. He will be as rich as I am in a little while." Now, there has been a little friction, I think, between Mr. Halsey and Mr. Taylor. Mr. Halsey, because he managed to publish that before Mr. Taylor did, felt a little sore. Mr. Taylor claimed that he had invented his differential piecework system before Mr. Halsey did that. But now Mr. Halsey is disgusted with the results, anyway, so that I do not think he cares to claim anything any more. If a thing turns out badly, nobody cares to claim it.

Now, let us figure out how this differential piecework system is. Now, remember that Mr. Taylor, by necessity, is changing his views. Of course he is. Who can work for 35 years without changing his views? To read his books like some of you fellows have done here is to read them like the devil reads the Bible; he read it backward. Of course, he couldn't get any kind of meaning out of it. You know, one time they put 60 fellows together, I have been told, to study, and they prayed that the Holy Ghost would enlighten them, so that they were all studying in a cubby-hole—

Commissioner LENNON. Stop; I tell you, I am not going to listen to this. It is not pertinent to the subject of the inquiry.

Mr. BARTH. That is perfectly right. I am ready to be sat on any time. But I only wanted to say that the Holy Bible is not to be read in that way.

Mr. Taylor, then, by all the means that he could lay his hands on, went at this. Suppose that a man took 10 hours to do a job, and suppose that man got 80 cents an hour. If he did that in 10 hours he would be earning \$3 a day. That is a task, you say. It is enough of a task to warrant paying that man himself his day wages; and suppose we take for simplicity one-third, which is the average machine shop, and should be that in the shop. He says, then, "I will take and add one-third of that, which will be a dollar, and that will be \$4." He will pay that high rate for the job—of \$4. If the man did that inside of 10 hours, he got \$4. But if that man failed to do it in 10 hours, he said, "I will give him a certain part of that." But the part which was more than the day wages, in case he did not fall down very mate-

rially, he got. In adopting that method in Mr. Dodge's place he does not say so, but it is a bonus. I can tell you more about his shop than he can. He has there a differential piecework for most of the work. Now, you take and divide that by five-sixths, and you will find that if he misses it only by an infinitesimal part he will still get it; but if he misses it badly he still gets his piecework. If he did not do anything he would still get his day wage; but that high wage is paid for turning out a certain thing in a certain time.

Commissioner WEINSTOCK. Is he not guaranteed a certain wage?

Mr. BARTH. No, sir.

Commissioner WEINSTOCK. I understood that under the Taylor system in any event a man got his daily wage, with a plus if he exceeded a certain production.

Mr. BARTH. That has nothing to do with the Taylor system at all. That is one way of paying him wages, but it has nothing to do with the Taylor system at all. I am glad you asked that, because the Taylor system is a thousand times bigger than any one way of determining to pay a man. He went into that like lots of other things; but you can use a part of this invention and not the whole of it. What is the objection to that in the minds of some people? That you have got to be so dead sure about those 10 hours most of the time the manager will not give the extra time enough to standardize conditions sufficiently to get so close to that that a man like myself likes to commit himself to that.

In the shop at Bethlehem for the time study an intelligent guess was near enough. You only want to make five-sixths difference in the men's pay. So Mr. Gantt invented his bonus. Isn't that so, Mr. Gantt?

Mr. GANTT. There was not a bonus invented there, but what was invented there has not been in use for 10 years.

Mr. BARTH. No; I do not say what was there; but it is to go and create the use of high-speed steel, and we set a reasonable task that we were willing to swear by; so that Mr. Gantt one day woke up with the idea that they would do that; but I said, "We have got 10 hours"; and then they say, "Any man that does that inside of 10 hours will get that extra dollar." That was his bonus. If he fell down he would get his day wages. Now, Mr. Gantt has since modified that thing; but that was what he invented; that was the Gantt bonus, was it not?

Mr. GANTT. Yes.

Mr. BARTH. Now, I do not care to go any further. There are a thousand systems. Every Tom, Dick, and Harry wants to invent something that he can attach his name to. I invented one myself, but I never said anything about it except to my son. I do not propose to use it. I think it is a little better than some, but I don't want to put out one more to flood the market. [Laughter.]

Again, do not imagine for one moment that the Taylor system is any one of those things. We apply any one of those, and lots more are applied by the other fellows; but what we are after is, by the best means we can find, to determine how long it takes to do a job, and then any one of a dozen ways can be invented to do substantial justice on top of that; and, for God's sake, don't waste any time on what is going to be done on top of that. Everything else falls on account of not being able to get at the time.

We use the differential piecework, we use the bonus, and we use the other systems, according to the conditions in the shop and the sentiment. Some people hate piecework and so they take a certain bonus system, and it is absolutely the same thing in his pay envelope. Now, I do not do that myself. I do not consult anything that looks different from what it really is. If there originally was one way of looking at a certain thing, if the same thing comes up I do not want another name for it to confuse us.

It has been said that the guesses that were made at the length of time it takes to do a job were made by watching a man, or by sneaking up on a man and watching him. That was the old method.

Commissioner DELANO. We must adjourn now. We will adjourn until 10 o'clock to-morrow morning.

Mr. BARTH. Will you want me again? No? I will be here.

The ACTING CHAIRMAN (Commissioner DELANO). Will you be here anyway?

Mr. BARTH. Yes.

The ACTING CHAIRMAN. There may be some questions arise.

(At 6 o'clock p. m. the commission adjourned until to-morrow, Wednesday, April 15, 1914, at 10 o'clock a. m.)

WASHINGTON, D. C., *Wednesday, April 15, 1914.*

The commission met at 10 o'clock a. m. in the assembly room of the Shoreham Hotel.

Present: Commissioners Frederic A. Delano (acting chairman), John R. Commons, Mrs. J. Borden Harriman, Harris Weinstock, S. Thruston Ballard, John B. Lennon, James O'Connell, and Austin B. Garretson.

Present also for the commission: Mr. W. O. Thompson, counsel; Mr. W. Jett Lauck, managing expert; Mr. George E. Barnett, special investigator; Mr. B. M. Manly, superintendent Division of Industrial Investigations; and Mr. F. H. Bird, superintendent Division of Public Agencies.

Commissioner DELANO (acting chairman). The commission will come to order. The commission has a good deal cut out for it to-day. Mr. Berres, secretary-treasurer metal trades department, American Federation of Labor, will be the first witness.

Mr. Sanford E. Thompson, of Newton Highlands, Mass., will come next, and Mr. N. P. Alfias, of Washington, and Mr. H. L. Gant, of New York.

Mr. Brandeis, who was held over from Monday, will not appear until tomorrow afternoon.

I will ask Mr. Manly to conduct the examination of the first witness, Mr. Berres.

TESTIMONY OF MR. A. J. BERRES

Mr. MANLY. Mr. Berres, will you please give your address and business to the commission?

Mr. BERRES. I am secretary-treasurer of the metal-trades department of the American Federation of Labor. My office is at 513 Ouray Building, Washington, D. C.

Mr. MANLY. In your official position you have been brought into contact with what is called the systems of management?

Mr. BERRES. Indirectly.

Mr. MANLY. In what way?

Mr. BERRES. In this way, receiving protests from organizations working under the different systems.

Mr. MANLY. Have you investigated those protests—followed them up?

Mr. BERRES. I might answer that in this way, it would be impossible for us to make an investigation of all these protests personally. In some of the plants that some of the gentlemen have enumerated in which these systems are installed or where they are attempting to install them I really do not know what would become of a representative of labor if he would approach that management and ask that he be permitted to make an investigation.

Mr. MANLY. But it has not been from those plants that your protests have been coming?

Mr. BERRES. No; the protests that have been coming to us have been mostly from men employed in the Watertown Arsenal.

Mr. MANLY. In the Government plant?

Mr. BERRES. In the Government plant.

Mr. MANLY. May I ask what trades particularly have been making protests?

Mr. BERRES. Largely the machinists and the molders.

Mr. MANLY. In order to bring out definitely your ideas with regard to the systems of management, will you give us briefly your understanding of the principal features of the system with regard to which you are going to speak?

Mr. BERRES. I want to say in the beginning, Mr. Chairman and gentlemen of the commission, that we are not opposed to efficiency.

Commissioner WEINSTOCK. When you say "we" you mean organized labor?

Mr. BERRES. Organized labor. To be brief, I think I ought to say that if the men who are supposed to work under any of the systems had the opportunity to sit down and have the system explained to them much of the difficulty would be eliminated. The mere fact, even in the Government service, of the Government having an outsider come in in order to install a so-called efficiency system immediately invites the suspicion of the men, and in my judgment if efficiency would come from within there would be less opposition to it. I believe that is one of the great troubles with the installation of the systems.

Next, the men feel if it has been necessary for the management to go outside to get some one to come in to tell them how to run their business, that there is something radically wrong, and that they might expect a great departure from the method of doing business that they have been used to, and in order to eliminate that suspicion, if the men were given an opportunity to listen

to what the system consisted of I think much of the difficulty would be eliminated.

I want to follow that up by saying that I think there is a great chance for not only bettering the conditions of the workers, but of improving the methods of manufacture and lessening the cost of the manufacture of many articles, and in lessening the cost, so long as it does not interfere with the workers' status, as relates to hours of labor and general conditions, we should not offer any opposition that I can see.

Mr. MANLY. You believe, then, that an increase in productivity is a good thing?

Mr. BERRES. Certainly.

Mr. MANLY. That is, it provides the means for increasing prosperity, that the whole question comes down to two fundamental issues: First, exactly how the man is affected in increasing his productivity and, second, how the increase in productivity is distributed?

Mr. BERRES. Yes.

Mr. MANLY. In order to bring those down more definitely there are several fundamental features of the systems of management, and in order to get it to an issue I would like to go over those one by one to show which features are the ones about which you think the men can be properly concerned and as to which they need either explanation or modification.

From the management end there is, first, the planning and the routing of the work. There is no objection to that, is there, from the point of view of the workmen?

Mr. BERRES. I have not heard any opposition to that.

Mr. MANLY. As a matter of fact, that feature of the work can very well be to the great advantage of the workmen?

Mr. BERRES. I think so.

Mr. MANLY. The second feature is the standardization of the work by means of definite time study. What would you say in regard to that?

Mr. BERRES. That is a question that I think the men should have an opportunity to study and to express themselves upon.

Mr. MANLY. As a broad general proposition, do you see any objection to getting definite, precise knowledge of how much time the work should occupy, properly fixed?

Mr. BERRES. Mr. Chairman, I think we ought to find out how that is going to be determined. If I might at this point say, a great deal of the most serious opposition that has come to our notice has been the fact of the use of the stop watch. I do not know whether that could be eliminated or not, if the men had an opportunity. From what I have learned from them, there seems to be a positive stand against the stop watch being used to measure the time.

Mr. MANLY. On what is that opposition based, as you understand it?

Mr. BERRES. I think the best way to view that question would be for the man of the management to put himself in the same position that the workman is placed in. I do not think that any man, any young American at least, wants anybody to start him off with the watch and stop him with the watch. I think it immediately invites antagonism of the men.

Mr. MANLY. By starting him off with a watch and stopping him with a watch, just what do you mean?

Mr. BERRES. The fact that some one stands right close to the man with a watch in his hand.

Mr. MANLY. You do not understand that that is a constant practice, that that is done every time a man performs a job?

Mr. BERRES. No.

Mr. MANLY. That is only upon the original time studying.

Mr. BERRES. That is the way I understand it.

Mr. MANLY. At the time the schedule is made. In making a railroad schedule, for example, how would you make it, except by timing the beginning of the journey and taking the end of the journey?

Mr. BERRES. I think that is an entirely different proposition, and it does not always follow that the end of the journey comes at the time the schedule specifies, either.

Mr. MANLY. No; but there is a schedule.

Mr. BERRES. Yes; there is a schedule.

Mr. MANLY. The objection is to the use of the stop watch, or is it to the general proposition of knowing exactly how long the work should occupy?

Mr. BERRES. It seems to me it is to the stop watch. But there are any number of different ways in which men could find out how long it would take to do a job, and whether the man was doing it right or wrong.

Mr. MANLY. If the total time for a task was measured with an ordinary watch, would there be any objection to that?

Mr. BERRES. I can not see very much difference. As a matter of fact, I do not know whether the man would know whether it was a stop watch or an ordinary watch.

Mr. MANLY. Any sort of timing is objectionable, is it?

Mr. BERRES. That has been the general opposition to the installation of the system, that men did not want to be placed in that position, where they are going to be timed.

Mr. MANLY. Do they not time themselves when they want to catch a train, to find out just exactly how much time they have got to get the train?

Mr. BERRES. It would be natural to suppose that they would. That is not having someone else do it, though.

Mr. MANLY. One of the other fundamental features of the system of management is the payment of men in proportion to their productivity, either by means of task work, a bonus, piece rate, differential piece rate, or one or the other of the various systems. What would you say with regard to the use of some such system of payment?

Mr. BERRES. I might answer that in this way: I think every one of our international organizations is on record in its constitution as being opposed to anything except the straight time system of payment; and as nearly as they possibly can, they follow that out, so that we have always felt that that was the way in which men should be paid, and we have not changed from that position at this time; so that anything I might advance in that direction would not be of value, I think, because we are opposed to anything of that nature.

Mr. MANLY. Unalterably opposed to anything except the straight-time system?

Mr. BERRES. Yes.

Mr. MANLY. Your organizations do work under piece rates, do they not?

Mr. BERRES. Some of them.

Mr. MANLY. Are those piece rates all equitably fixed? I mean are there not lean rates and fat rates among them?

Mr. BERRES. That is a question that I could not answer. Those agreements or decisions are reached by the organizations directly involved, and I have not had the opportunity to witness the making of such an agreement, or the fixing of such prices. I judge that if they are in existence, they are satisfactory to the men who made them, under the conditions.

Mr. MANLY. You have had shop experience, have you not?

Mr. BERRES. Yes.

Mr. MANLY. In your shop experience you have never seen anything of the existence of fat rates and lean rates?

Mr. BERRES. No; none whatever. I might say that I am a pattern maker by trade, and I have never yet seen where the installation of a system such as we have heard spoken of here has been tried, or where an effort has been made to apply it. That is because there is very little duplication of the work.

Mr. MANLY. In what branches of the metal trades do you foresee that there is likely to be a development of such system of management, or a tendency to put it into effect?

Mr. BERRES. The machinists, the molders, the boiler makers, and the blacksmiths, I think.

Mr. MANLY. From your experience in the shop, and from dealing with managers, you have formed some idea of what constitutes an efficiently-managed shop, have you not?

Mr. BERRES. Yes; from my own point of view.

Mr. MANLY. Would you mind telling us what you consider an efficiently-managed shop, and how the efficiency in such a shop is best attained, in your opinion?

Mr. BERRES. First of all, I would have the most improved machinery; secondly, I would have it located at the most convenient places, so that all the men could get to it in the least possible time. I would have the best kind of materials for the men to work. In my shop practice I have noticed that there seemed to be very little judgment used in the placing of machines. Of course,

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our business is almost entirely different from any of the other metal trades. For instance, the machines would be halfway down the shop. That is, they would be half the length of the shop away from the first man, so that any time he wanted to use either one of them it would consume that much time going and coming; whereas, if the machines were placed in the middle of the shop, at least, where all the men could have easy access to them, there would be much time saved.

Mr. MANLY. A great deal of the efficiency of the shop would depend on the grade of workmen that you employed, whether they were good, capable men, would it not?

Mr. BERRES. That is very necessary, if you want to see efficiency.

Mr. MANLY. How would you select your men?

Mr. BERRES. The way that they are usually selected; they are taken into the pattern shop and are worked for a reasonable length of time at what we term "second class," and then if they prove their value they are increased in a reasonable time, usually 60 days.

Mr. MANLY. On what basis are those increases in compensation made?

Mr. BERRES. From the character of the work.

Mr. MANLY. From the character of the work? By that you mean quality?

Mr. BERRES. Quality, in a way. There are patterns and patterns. There are patterns that almost anybody could make, and there are others that take the finished mechanic to execute.

Mr. MANLY. It would depend entirely upon their ability to make—

Mr. BERRES. To make anything.

Mr. MANLY. On their ability to make the more advanced or more intricate patterns?

Mr. BERRES. Yes.

Mr. MANLY. You would not advance men at all on the basis of the facility that they had in making patterns rapidly? You would not make any difference between the slow pattern maker on the same class of work and a rapid pattern maker?

Mr. BERRES. I think if I was an employer I should certainly consider that phase of it—certainly.

Mr. MANLY. Yes; I thought you would. How would you arrive at the idea of which was the fast pattern maker and which was the slow pattern maker?

Mr. BERRES. I have never seen a pattern shop yet where they did not keep the cost of the job by a card system. A man makes out a card every day on the job on which he works, the amount of time, and that goes to the office. So it would not seem to me to be very difficult to take another similar case, if there was another similar job, and see who was the fastest man; and then if a man paid strict attention and gave close application to the shop, which they do in a pattern shop, because there are never very many pattern makers in a shop, he can certainly distinguish as to which one of two men working on the same job is carrying it on in the best manner.

Mr. MANLY. In your idea of an efficiently managed shop, who would decide on whether the man was a fast man or a slow man? Would it be up to the foreman, or would you have the management look over the cost sheets and determine it in that way?

Mr. BERRES. If it were me, I should leave it entirely to the foreman.

Mr. MANLY. You believe in the fairness of foremen generally?

Mr. BERRES. I certainly do. I think a foreman has that degree of interest in the shop, as a general proposition, so that he is going to select the best men, when it comes to a time for discharge, for his own protection, if for nothing else.

Mr. MANLY. Because ultimately his advance depends upon the productivity of his shop?

Mr. BERRES. Certainly.

Mr. MANLY. You really in the long run pay a man in proportion to his productivity, do you not? That is, the man that makes the biggest output and does the best work at the same time would naturally be paid a differential rate?

Mr. BERRES. Well, you might make that statement in the broadest sense. As I said, we never work on piecework, and there are fixed rates for these classes of men, and if you call that paying the most for the increased productivity, why I say yes.

Mr. MANLY. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Garretson, have you any questions?

Commissioner GARRETSON. Do you not believe that the objection of the average man or the average mechanic to what is generally termed here the stop watch, whether it is a stop watch or some other kind of a watch, and to the methods that are described in the various efficiency or scientific systems, lies very much in the fact that the man who feels within himself the power to successfully perform the duties of the trade to which he belongs, that he objects to being made an automaton and a cog in a wheel?

Mr. BERRES. Yes.

Commissioner GARRETSON. The destruction of the individuality in those directions, while dwelling on the individual factor in the dealing?

Mr. BERRES. Yes.

Commissioner GARRETSON. From the standpoint of the men, if carried to its perfection, would it not result in the elimination of a large part of the initiative that the American workman is supposed to possess?

Mr. BERRES. Certainly.

Commissioner GARRETSON. The suppression of the incentive faculty?

Mr. BERRES. Yes.

Commissioner GARRETSON. Or the pride of being able to do a thing better than another man?

Mr. BERRES. Yes.

Commissioner GARRETSON. From your standpoint, do you believe that as long as the apostles of these various systems bitterly disagree as to which is the method, that it is any wonder that the body of the men will not accept any one of them as law and gospel?

Mr. BERRES. None whatever.

Commissioner GARRETSON. That will be all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Weinstock, have you any questions?

Commissioner WEINSTOCK. As I understand it, organized labor stands for the minimum wage, does it not?

Mr. BERRES. Yes.

Commissioner WEINSTOCK. A minimum wage that shall insure a living wage?

Mr. BERRES. Yes.

Commissioner WEINSTOCK. But it has no objection to a maximum wage; that is, it has no maximum?

Mr. BERRES. It has no maximum.

Commissioner WEINSTOCK. It has not the slightest objection to the employer paying as much above the minimum as the employer is prepared to pay?

Mr. BERRES. None whatever, sir.

Commissioner WEINSTOCK. In other words, while there is a minimum, there is no maximum?

Mr. BERRES. No, sir.

Commissioner WEINSTOCK. Now, imagine that you or I were working side by side in a shop, and we both started in at the minimum wage. And imagine further that you were an efficient worker, and I was just the average worker; that I was worth the minimum, but no more; but you, by virtue of your initiative, by virtue of your speed, by virtue of your higher intelligence, by virtue of your industry, produced more than I did. Would you or would you not feel that you were entitled to more than the minimum wage?

Mr. BERRES. Well, I would feel, of course—we often feel that way, but there is the possibility that the man in charge does not feel that way.

Commissioner WEINSTOCK. No. I am not asking you to tell me how the man in charge feels, but how you would feel.

Mr. BERRES. I say we would possibly feel that way, but nothing comes of it.

Commissioner WEINSTOCK. Please answer the question directly. My question is, If you should prove to be much more efficient than I, would you feel—not what the boss would feel—that you ought to be appreciated, and, therefore, that you ought to earn more than I was earning; that you were entitled to receive more than the minimum?

Mr. BERRES. Certainly; I think anybody would feel that way.

Commissioner WEINSTOCK. And if you did not get more than the minimum you would feel that you were not getting a square deal, would you not?

Mr. BERRES. Yes. You will let me qualify that. If there was in that shop a higher rate—if there was a high rate already established—

Commissioner WEINSTOCK. No. Many shops have only the minimum amount, and the rest of it depends upon the individuality. For example, I investigated the conditions that prevail in New Zealand, in the factories. They have a

minimum rate fixed by law, but they have no maximum. In looking over the manufacturers' reports I found 50 per cent of the men earned only the minimum, that some earned 5 per cent above the minimum, and some 50 per cent above the minimum, according to their individual merits. That is, the spirit was to pay each man just what he was worth. Do you feel that is just—to pay each man just what he is worth, or would you pay him less than he is worth?

Mr. BERRES. That would take a whole lot of explanation.

Commissioner WEINSTOCK. No. You can answer that question yes or no. My question is, Would you pay a man all that he is worth?

Mr. BERRES. If I were an employer?

Commissioner WEINSTOCK. Yes.

Mr. BERRES. I certainly would.

Commissioner WEINSTOCK. And as a worker you would expect to get all that you are worth?

Mr. BERRES. Certainly.

Commissioner WEINSTOCK. If you are worth more than the minimum, you would expect to get more than the minimum, or you would feel that you were not justly treated. Is not that correct?

Mr. BERRES. That is right.

Commissioner WEINSTOCK. We have now established these points: First, that organized labor demands, and I think properly so, a minimum wage; second, that there is no maximum; and, third, you feel that if you are worth more than the minimum you should get more than the minimum, properly and justly. The question now arises, how is it to be determined how much more than the minimum you are worth. Let us see how we would come to that. Imagine you wanted to buy some coal, and I am a coal dealer. If you came to me and wanted a ton of coal you would not be satisfied if I used my eye in determining how much constituted a ton. You would expect me to weigh that ton out so that you would be sure to get your 2,000 pounds.

Mr. BERRES. I do not think I would stand for anything of that kind.

Commissioner WEINSTOCK. You would demand the exact rate?

Mr. BERRES. I think that is exaggerating the thing a little bit.

Commissioner WEINSTOCK. Not at all. That is easily answered. You would want your money's worth, and if the price of coal was \$10 a ton, and 2,000 pounds constituted a ton, you would not be satisfied if I used my eye and said, "I guess that is about a ton." You would insist upon my weighing it out and giving you all that you were paying for. Is that right or wrong?

Mr. BERRES. That is right.

Commissioner WEINSTOCK. Very well. If there is no maximum established, and there is a minimum, there is one of two ways in which I can determine how much more than the minimum you are worth. One is to guess at it, and one is for me or for the employer having a large plant to say to the foreman, "Whenever you think a man is worth more than the minimum, let me know, and I will pay him whatever more you think he is worth." Then another way is to do as you would want your coal weighed out to you, by exact and just methods, so that all of your efforts are properly and exactly measured, and not guesswork. Can you conceive any other way of determining that, than by either measuring, counting or weighing, or by guessing at it? And if so, let me know what other way there is—I mean by eliminating guesswork.

Mr. BERRES. I assume, first, that the man in charge of the shop of any character is a practical man.

Commissioner WEINSTOCK. Yes.

Mr. BERRES. And that he has had sufficient experience to prove himself a capable and efficient man. Otherwise he would not be acting in the capacity of foreman.

Commissioner WEINSTOCK. Yes.

Mr. BERRES. If that man is not qualified to know when a man is doing his best, when he is manufacturing the thing under the best possible conditions, then who else is going to determine it?

Commissioner WEINSTOCK. You then would give to the foreman divine powers and knowledge, which is impossible. I say this from practical experience, from absolute knowledge. I am a merchant. I employ a great many people in my business. I have heads of departments and some heads of departments have a good many assistants under their charge. I have tried the plan of going to the head of the department and saying to him, "Just rate all of your people here and tell me which produces the best results, who has the largest sales, and who has the smallest," and I have found that where he trusted to

memory, nine times out of ten he was wrong, and that the only way he could tell me accurately was to go to his reports and see the exact results, and rate his assistants accordingly. I do not think that a foreman of a shop is on the whole any higher in intelligence or accuracy than the average head of a department who earns all the way from \$1,800 to \$5,000 a year. Therefore, it would seem to me that in justice to the man there should be accuracy and not guesswork, and if men are to be paid in accordance with their deserts, if they are to receive all they are worth, as you think they ought to receive, is it not in the interest of the men then that it should be determined by accuracy, and not by the spirit of favoritism or by guesswork?

Mr. BERRES. I can only say briefly what I said in the beginning, that in my experience there is always a record kept, a card system, and when it comes down to the fine point where there has to be discrimination made, that enters into the final decision of the case. I do not think any man ever tries to run a pattern shop by guessing at it.

Commissioner WEINSTOCK. Then you do not object to accurate methods?

Mr. BERRES. Such as I have enumerated.

Commissioner WEINSTOCK. Would you take the least accurate methods in determining a man's worth, or would you take the most accurate methods?

Mr. BERRES. I would not care what kind was taken, so long as they did not interfere with my rights and place me in a position where I would simply become a machine.

Commissioner WEINSTOCK. When you enter a shop in the morning and register your time in the time clock, as they do, I take it, in most well-regulated shops, and register your time when you go out to your meal and when you come back again and at the close of the day, is that interfering with your rights?

Mr. BERRES. No.

Commissioner WEINSTOCK. You concede that that is proper and ought to prevail. When you do a piece of work and a card is handed to you and you place your card through the time clock, and when the job is completed it is passed through the time clock again to see how much time has been given to the job, so that its cost may be determined, is that interfering with your rights?

Mr. BERRES. No.

Commissioner WEINSTOCK. Very well. Then you do not object to the time clock in the transaction?

Mr. BERRES. In that way, no. I never worked under one of them, but I know something about how they are worked, and it always creates more or less trouble.

Commissioner WEINSTOCK. Timing a job creates trouble?

Mr. BERRES. Yes.

Commissioner WEINSTOCK. My dear sir, if I have an automobile shop and you bring your automobile to me, and my rate to you is \$1 an hour, how am I going to determine what to charge you unless I time my worker so that I can go to you and say, "That job took five hours," or five hours and a half or ten hours? Is it not imperative that the job shall be timed in order that the cost may be determined.

Mr. BERRES. I am not speaking that way. I understood you to say a man would register?

Commissioner WEINSTOCK. Surely he registers.

Mr. BERRES. He registers when he comes in and goes out.

Commissioner WEINSTOCK. Exactly. That is another occasion when he is timed.

Mr. BERRES. That is what I am speaking of.

Commissioner WEINSTOCK. He is timed when he comes in and goes out and he is timed in all well-regulated shops on the job that he does. I know that.

Mr. BERRES. I said I agreed to that. We make our cards in our shops.

Commissioner WEINSTOCK. You say that does not interfere with a man's rights—timing him when he goes in and when he comes out, when he starts and finishes a job. If that is the case, I still can not comprehend the distinction between timing a man when he comes in and goes out, and timing a man when he starts and finishes his job, and timing the man in advance, how long a job ought to take. Why do you not object to the two kinds of timing touched upon, and then object to the third time?

Mr. BERRES. Mr. Chairman, there is a great deal of difference between a man coming in the shop and ringing up a time clock, or doing something like that.

He is doing that alone. There is nobody there to watch him. There is quite a distinction between that and a man being given a blue print, and having somebody stand over him with his watch timing every movement that he makes. There is quite a distinction, and instead of creating in that man a desire to do his best, it brings his mind to such a state that it makes it absolutely impossible for him to do the best.

Commissioner WEINSTOCK. You mean that it fills him with resentment?

Mr. BERRES. Certainly.

Commissioner WEINSTOCK. I think you are quite right, Mr. Berres. If I were an employer and came to you, and made you feel that I distrusted you, that I thought you were soldiering on me, and made you believe that I was going to pursue a gum-shoe method, you would be filled with resentment, just as I would under like conditions, but if I came to you and said, "Here, Mr. Berres, we are not producing the best results, there is a way whereby you can make more money, and I can make more money. Let us get together and see if there is not some plan whereby we can reduce the cost of this work, and both of us profit by that reduced cost," would that create resentment in your mind?

Mr. BERRES. No; that would not.

Commissioner WEINSTOCK. From the explanations given—

Mr. BERRES. Will you let me say one thing in addition to that?

Commissioner WEINSTOCK. Certainly.

Mr. BERRES. Being an organization man, and heartily believing in it I should not want to act in that way simply in my individual capacity, in a suggestion of that nature that you might make. I should want the opportunity of presenting it to my organization, and if the employer saw fit to present a similar proposition to the organization, and they accepted it, it would be all right. I would not deal as an individual.

Commissioner WEINSTOCK. Are we to understand that when you join an organization you absolutely give up all of your rights and privileges and all of your prerogatives, and all of your individualities?

Mr. BERRES. How could an organization be successful if each fellow was going on and dealing with the boss, and one getting this and the other fellow getting that? What is the good of an organization?

Commissioner WEINSTOCK. You do that now. You tell me the organization has no objection to a minimum.

Mr. BERRES. But you are speaking of an employer coming to me with a proposition as an individual regarding a thing that affects the whole shop, which it naturally would. If there is going to be any improvement come to me, in justice to myself and my fellow men, I would want to let them know what the management had in mind.

Commissioner WEINSTOCK. Exactly. As an employer I go still further, and I would say, "I do not propose to do this thing for you and you alone. Whatever condition we shall establish shall be for the men in the shop; they shall have an equal opportunity with you. You are not going to get a monopoly, you are not going to get an exclusive privilege; it is going to be a common condition." But I take you as a representative worker, as a fair, intelligent worker, in whom I have confidence, so that we can get the basis, and the reason I use this watch on you is to get the basis, not to time you on every transaction, but to have some basis on which to figure. Could you object to that, reasonably?

Mr. BERRES. I can not see the necessity for taking every minute of time. Why should you put a man down to a minute? What is the occasion for getting a man down so fine? Is it not after all a desire, after once that is determined, to hold that man to that?

Commissioner WEINSTOCK. You might as well say, What is the use of taking a yardstick and getting it down to the accuracy of an inch or a quarter of an inch? It is to get accuracy. If you came into a dry goods shop and you wanted a certain yardage of cloth, you would not want me to measure it by my eye, but you would want me to measure it accurately.

What the yardstick is to a piece of cloth, the time watch is to determining the exact time it ought to take to produce a certain unit, in order that you may receive all that you are worth, and not less.

Mr. BERRES. I can not reconcile the proposition of measuring a yard of cloth with trying to measure a human being. I think there is quite a distinction between the two.

Commissioner WEINSTOCK. No; it is simply the point of accuracy, getting the accurate results, and eliminating guesswork.

Mr. BERRES. That does not necessarily follow that it is accurate. As I said before, a man may under those conditions do his worst. Any man who is taking a mental examination knows that while he may not be at his worst, yet he is not the man he ordinarily is, because he feels he is under extraordinary stress at that particular time.

Commissioner WEINSTOCK. Very true.

Mr. BERRES. So, after all, I dare say that the mere fact that a stop watch has been used is not an indication that the job has been done in the least possible time.

Commissioner WEINSTOCK. I think you are right there, but, as I take it from the explanations that have been made here, the basis is not determined by any one operation, but a great number of operations, which are timed in order to strike a fair average.

Mr. BERRES. That is true.

Commissioner WEINSTOCK. That overcomes your objection?

Mr. BERRES. No. I say the same thing could happen in each one of those operations.

Commissioner WEINSTOCK. It is possible, but hardly probable, in a great number of operations. There has been one point raised here upon which I would like to get your point of view, and that is that while all of these systems that we have heard so much about in the last few days, it is generally admitted—I have not heard it disputed—tend to reduce the cost of production, and that that reduced cost of production is divided between the employer and the worker; that is, that it means larger profits to the employer and increased earning power to the worker; yet it has been contended on the part of representatives of organized labor that that saving is taken out of the physical hide of the worker. Is that also your belief?

Mr. BERRES. That is a broad question. I do not think so altogether.

Commissioner WEINSTOCK. You think not?

Mr. BERRES. No. You were here, I think, when I enumerated some of the things that I thought could be done in a pattern shop in order to make the work more efficient. I would not say that was taken out of the hides of the workmen, because the machinery was placed right, and it was the very best machinery and the best material. I do not think anybody would take that position.

Commissioner WEINSTOCK. That position was taken at one of our previous examinations. I do not recall just who took that position, but I am quite sure—if I looked up my data I could locate it—that some of the representatives of labor admitted it meant more earnings to the men, but that the system was an injury to them physically; that they were overworked; that in place of working industriously they worked strenuously; and that it shortened their working life.

Mr. BERRES. Either you misunderstood them, Mr. Weinstock, or else they did not exactly state the thing in the manner in which they desired. I do not think anybody would take that position. I never heard of anybody taking that position where the machinery was placed in the most advantageous position.

Commissioner WEINSTOCK. No; I am speaking of systems and not especially of the placing of machinery.

Mr. BERRES. You asked if it was all taken out of the hide. I am trying to show what I think would be done and would not come out of the hide of the man—the increased productivity.

Commissioner WEINSTOCK. You mean bettered facilities?

Mr. BERRES. Yes.

Commissioner WEINSTOCK. Bettered shop facilities?

Mr. BERRES. Yes.

Commissioner WEINSTOCK. Admitting that part of it, Mr. Berres, would not come out of the hide of the men, would the other part of it, in your opinion, come out of the hide of the men? That is, their increased efficiency? For instance, if, under the old conditions, a man produced \$5 worth of work a day, and under the new conditions produced \$7 or \$8 worth of work a day, admitting that part of that gain was the result of improved facilities and that the other part of it was the result of increased efficiency on the part of the men, do you believe that, as explained here by the various witnesses, is at the physical cost of the operator?

Mr. BERRES. To some extent I do.

Commissioner WEINSTOCK. Is there any way that could be demonstrated to the satisfaction of this commission?

Mr. BERRES. In this way: If men are going to be timed down to the second and are expected to keep that up regardless of what the circumstances are,

would not you consider then that this increased productivity was being gotten out to some extent because of personal sacrifices on the part of these men?

Commissioner WEINSTOCK. That would depend upon the circumstances.

Mr. BERRES. But those circumstances are liable to arise?

Commissioner WEINSTOCK. From the explanations that have been made here by the witnesses, I should say not. I should say the methods as explained indicate that there is a great effort made to conserve—not to dissipate, but to conserve—the energy of the men, and without increased exertion and by greater skill and by better judgment, by a clearer understanding of his work, he will produce more without increased effort.

Mr. BERRES. I hope that is true.

Commissioner WEINSTOCK. If, on the other hand, these things do tend to injure men physically, it ought to be a fact; and if it is a fact, it ought to be demonstrable; and if it is demonstrable, we ought to know it.

Mr. BERRES. I should say this to the commission: The only way to find out accurately whether it is or not is to go into one of the plants where the thing is in operation and get the consensus of opinion of the people who are working directly under it, Mr. Weinstock. I have not worked under it, and there are many others, of course, who have not worked under it, so our opposition has come from protests, because of the fact we have well-defined principles in our organization with which this conflicts. But I believe the only way this commission can find out and determine for itself whether or not it is a bad system to expect men to work under, is for them to make a personal investigation of a plant in which the system is in operation.

Commissioner WEINSTOCK. I do not think that would produce the desired result, for this reason: We might walk through a plant, but it would be impossible for us, with hundreds of men there, to determine whether those men were physically better or worse off than they were before.

Mr. BERRES. You could get the men who do the work there and ask them.

Commissioner WEINSTOCK. You could get them all better than we could, because they could and would talk to you, and in a way they would not talk to us.

Mr. BERRES. You realize, in order to get the thing in the right shape, we ought to be able to see the men doing the thing. Don't you think so?

Commissioner WEINSTOCK. Yes.

Mr. BERRES. There are some people who protest, no doubt you have noticed, but when it comes to proving a thing, it is entirely a different matter. A man ought to be given the opportunity to show why such and such a thing is.

Commissioner WEINSTOCK. You were present, of course, during all these hearings the last two or three days?

Mr. BERRES. Most of them; yes, sir.

Commissioner WEINSTOCK. You will recall there were several employees on the witness stand, and that question was brought up particularly as to how it affected the health of the men, and they submitted figures that showed that the average health, if anything, was better than it had been under the old conditions.

Mr. BERRES. I should like just as well to hear that come from the other side, too, before I would render a decision. If you should ask for a decision, I should like to hear the other side of it. Figures are peculiar things, and it depends on which side you are looking from, sometimes.

Commissioner WEINSTOCK. I sit here as a juror, and you are the complainant—that is, organized labor is the complainant, and as the complainant, it comes to us and says "We object to that system because it injures our men physically." The other side denies that. The burden of proof, therefore, rests with you. You have to demonstrate that it does injure the men physically, and unless you can demonstrate that to the satisfaction of this commission, your charge falls to the ground.

Mr. BERRES. That is very true. The commission has the opportunity to ascertain whether that is the fact, whether the statement of the other side is the fact or not. The only conceivable way for the commission to get at the facts is to get the men, who are working directly under the system.

Commissioner WEINSTOCK. I do not know about that. I do not think we are expected to go out and become individual inspectors. When a charge is made, if you make the charge you are supposed to substantiate that charge with proofs. A court does not go out and make personal inspection. We are sitting here as jurors and court. The court does not go out and investigate into the nooks and corners. The parties are supposed to bring testimony and submit it to the court. The burden of proof rests with you, and not with us.

Mr. BERRES. The court would go and get eyewitnesses, and if they were going to bring in handwriting experts, or anything like that, they would have them promiscuously.

Commissioner WEINSTOCK. The parties to the issue would bring witnesses, and not the court. So you see, Mr. Berres, the burden rests with you to demonstrate to the reasonable satisfaction of this commission that that system does injure men physically. When you do that you have scored, and we must stand with you. If you fail to do that, your charge has nothing to stand on.

Mr. BERRES. I would say this: I think that when a number of men, such as the number I am going to mention, take the position they do, there must be something radically wrong, and I have every right to assume what they say is right. If you would take the Watertown Arsenal to-day, where there are 180 machinists, you will find the most affected trade by the installation of the so-called efficiency system, where there are over 150 out of 180 men who would, if they were given the opportunity to-morrow, repudiate the system; and that, I think, justifies the commission in making some investigation of those men themselves. That is the evidence we get.

Commissioner WEINSTOCK. In other words, you offer those men as your witnesses?

Mr. BERRES. Yes.

Commissioner WEINSTOCK. And you practically ask the commission to examine those witnesses?

Mr. BERRES. I say this: I say, out of 180 men there are 150 and over who, if given the opportunity, would repudiate the system. I take it from that there must be something very radically wrong about the system and that it does not give the benefit to the men that has been stated by those who are expounding the system.

Commissioner WEINSTOCK. Let me ask, Mr. Berres, if you think it would be fair to the men—that it would not in any way prejudice their positions or jeopardize their future careers—to bring them as witnesses before this commission? Do you think that would have any effect on them? Do you think they would be in a position to talk to us as frankly as they would do to you, this being a public hearing?

Mr. BERRES. I do not see why, Mr. Weinstock. I had the pleasure of bringing about a settlement of that strike when the system was first installed—a year or so after they started to install it—when a molder absolutely refused to work because of the stop watch, and when he refused he was discharged; and in consequence of that the other molders left the shop. I happened to be at the War Department at the time and I got those men reinstated, with the understanding that there would be an investigation within a reasonable length of time, and Col. Thompson was the investigating officer, and he told me that he wanted me to notify all those men, regardless of what their positions were, that if they came before him as the investigating officer he wanted them to feel that their positions would not be jeopardized, no matter what they said. He wanted to hear the truth and said they would be protected. I assume that this commission would tell the men the same thing.

Commissioner WEINSTOCK. I am not altogether sure that this commission is in a position to guarantee protection, because at best it is a temporary commission and will be out of existence within a year, and it would have no means of guaranteeing anything to anybody.

Mr. BERRES. I realize that, and I do not know that it would be necessary for the commission to take that position, for, after all, when any employer—even the Government as an employer—wants to get rid of a man they usually find means of getting rid of him without telling him just why; but I have no doubt there are a great many men employed in the Watertown Arsenal and other places who will be willing to come and tell the truth just as it is. I am glad to say we have got some men in Government institutions who have got backbone and are not afraid of their positions. If there is an evil existing, then a man ought to be man enough to come out and tell everything in connection with it, and I think you will find that there will be quite a number of men who will be glad to come here and lay bare the whole facts in the case.

Commissioner WEINSTOCK. Would you be in a position to give the commission the names of such men?

Mr. BERRES. I should make an attempt to get them. I think there is a gentleman down here from there now who would be glad to give such testimony. I do not know that he would. He is here, and I do not know why he should come if it is not for that purpose, if he is given the opportunity.

The **ACTING CHAIRMAN**, Mr. Lennon, have you any questions?

Commissioner LENNON. Mr. Berres, the attitude of trade-unions, because of conditions in modern industry, is emphatically in favor of collective bargaining, is it not?

Mr. BERRES. Yes.

Commissioner LENNON. Is it not a fact that, in so far as information has come to you, in the introduction of these efficiency systems they have undertaken to institute the personal contact and to eliminate the collective contact? Is not that the real cause, or the principal cause, of the opposition of organized labor to these systems?

Mr. BERRES. Yes; I should say so.

Commissioner LENNON. In your contact with men have you not found that the matter of habit is really second nature, as the old axiom states it; that is to say, that men form habits, either good or bad, and they become a part of the man?

Mr. BERRES. Yes.

Commissioner LENNON. Does not the opposition to bringing in a new system, without explanation, without consultation with men collectively, make a man fear that if he has learned a trade and has what he considers the necessary habits to make his exercise of that trade successful, in some way it is going to develop an injury to him?

Mr. BERRES. Yes.

Commissioner LENNON. Do you know of any case that has come to you through complaints or otherwise where, upon the attempt to introduce these efficiency systems, there has been a real effort made on the part of the expert introducing the system to convince the men collectively, not one man at a time, but collectively, of the advisability of this system?

Mr. BERRES. Not in any instance.

Commissioner LENNON. Suppose these systems were to recognize this idea of collective action on the part of the workers and take the men into consultation. What is your opinion as to the outcome? Would it be likely to be more favorable than now, or less favorable?

Mr. BERRES. I should say it would clarify the situation to a very great extent. May I say a word right here, Mr. Chairman?

A great deal has been said here by the experts with reference to what they believe of labor organizations and the necessity for them, and that labor was protesting against a system that they had not studied and knew nothing of, and particular stress was laid on the beneficial results that will accrue from the installation of such a system, benefits to the employee, and they would lead us to believe that in every instance they have kept before them the results of the installation of the system, as far as the men are concerned. But if that is true, it seems to me peculiar that they have not seen fit, inasmuch as this system is going to assist in bringing about the millennium—why they have never knocked at the doors of the conventions of these organizations of labor and asked the opportunity to explain these systems; because, in my judgment, from sitting here and listening attentively, it would seem that it would take some time to give proper instructions to men before they would have an understanding of the workings of the thing.

Now, if they are so solicitous of the welfare of the men, as they say they are, why have they not made some effort to go among those men in large bodies, where they congregate and where they legislate, and explain this thing to them and get their views on it? I have never heard of one instance where they have even gone into a locality, to a local organization whose members would be directly affected by the installation, to explain the system to them and ask what their views were.

So their efforts in the direction of educating the people up to the necessity of these things is not borne out by the facts; that is, they do not seem to be sincere in it.

Commissioner LENNON. Mr. Berres, is not the opposition of organized labor to a premium system, the payment of bonuses, or whatever you may call these systems, largely due to the experience that we have had with piecework?

Mr. BERRES. Yes.

Commissioner LENNON. That is to say, that while these are different modes, they do have some of the same element as to making prices that existed in the piecework system?

Mr. BERRES. I take it that they do; yes.

Commissioner LENNON. If the unions were taken into consideration, and it could be clearly demonstrated that these premium systems of payment and bonus systems of payment, or anything else under any other name, that the evils of the piecework system would not accrue, that justice would eventually come to the workers in so far as their earnings were concerned, do you believe the unions would continue their opposition to them under such circumstances?

Mr. BERRES. As I said before, I think that would go a long way. In fact, my idea is that most of the difficulty is because of the lack of understanding, the lack of cooperation; and I will say that that lack of cooperation and understanding is not due in any instance to the worker. The workers knock at the door of the manufacturer, the employer, and ask to be given an opportunity to discuss these matters, and they are not given that opportunity. If that opportunity was given, I will say that much of the difficulty could and would be eliminated.

Commissioner LENNON. I want to say here—I want to see whether your view is the same as mine—I take it that the opposition to timing a man with a stop watch rests upon the fact that he does not know why he is being timed in that way? It has not been explained to him. The whole scheme has not been laid out. If the whole scheme was laid out, he would see the necessity of it and the possible benefits to come from it, and he would not then take an antagonistic position against being timed by a stop watch simply because it was a stop watch. It is because he does not understand why it is to be done?

Mr. BERRES. I have expressed myself along that line, Mr. Lennon. As I said just now, if these gentlemen would go to the places where the representatives of labor congregate and ask for the opportunity to explain this—if they are solicitous of the welfare of labor and they think this is going to bring beneficial results to them, I can not see why they have not solicited the aid of labor unions, instead of waiting for the labor unions to come to them and ask about it.

Commissioner LENNON. That is all.

The ACTING CHAIRMAN. Mr. O'Connell, have you any questions?

Commissioner O'CONNELL. Have you ever heard of the hours of labor being reduced in any plants where these efficiency systems have been introduced?

Mr. BERRES. No, sir.

Commissioner O'CONNELL. The machine shop seems to be the common prey of these systems, as far as you know?

Mr. BERRES. Yes.

Commissioner O'CONNELL. You have already stated that you have never heard of any attempt at collective bargaining, or even to the extent of taking into conference the employees, before the system was being inaugurated or during its inauguration?

Mr. BERRES. No, sir; I never heard of it.

Commissioner O'CONNELL. That is all.

The ACTING CHAIRMAN. Mr. Ballard, have you any questions?

Commissioner BALLARD. Mr. Berres, you said that in many shops that were badly arranged the machines that the same man had to work on were in different parts of the room, and sometimes he would have to lose a great deal of time in going from one part of the room to another for these different machines. Suppose the efficiency engineer should come to the factory and say to the owner that his machines were badly placed, and in order to convince the owner of that fact he should say, "Now we will go down to this room where these machines are badly placed, and I will take the time of the man in going from one machine to another, to show you what loss of time there is by the misplacing of your machinery," would there be any objection to taking that time with a watch?

Mr. BERRES. I can not see that there would, not in that case. I think that would be so plain that there would not be any necessity for timing it.

Commissioner BALLARD. You would want to find the amount of time that was lost. Suppose, then, that the efficiency engineer should say to the manager, "It is important that you should have a board by the side of each machine, where the wrenches and other tools that the workman uses, and perhaps the cutting machines and all that, should be placed conveniently," and suppose the manager should say, "We have it very well systematized now," would there be any objection to the efficiency engineer saying, "To show you how much time is lost in finding tools, wrenches, and so on, I will take the time"? Would there be any objection to that?

Mr. BERRES. I can not say whether they would object or not. I can not speak for the other men.

Commissioner BALLARD. It seems to me it would be understood that he should take the time and see how much time was really lost in the bad arrangement of tools.

Mr. BERRES. If the tools were in the place that you say the shop would have them, I can not conceive of any other place they could put them that would be more convenient.

Commissioner BALLARD. I suppose every shop is arranged differently, and it would seem a part of scientific management, as I understand, that all the tools and all the work should come along in a consecutive way and be convenient and handy, so that there should be no time lost in finding them and getting them. I should think in order to convince the manager of one shop that it was necessary to have a rearrangement of his shop, the scientific engineer would be able to say to him, "You have lost so many minutes on this job in having a badly arranged shop."

Mr. BERRES. I might be able to cut out this inquiry by saying that we invite that kind of efficiency.

Commissioner BALLARD. He would take the time with a watch, of course, to see how much time was really lost.

Mr. BERRES. As I say, we invite that kind of efficiency. We can not see any objection to it.

Commissioner BALLARD. Suppose the efficiency engineer should say to the workman, "You have turned around so many times in getting these tools," or "You have made so many false steps. We will see if we can not save you those steps, which have taken so many minutes, and rearrange the work, and rearrange the men's handling of materials as well as of tools and the machines." Could not that be done with a watch?

Mr. BERRES. I suppose it could be done. Whether or not the men would like it or would look kindly on it is another thing.

Commissioner BALLARD. Of course, in a shop where the work passes through the hands of a number of different persons, if they were working cooperatively it seems to me they would accomplish a great deal more. Perhaps the highest development of cooperative work is in a crew of boatmen, where there are eight men in a boat. They are timed absolutely, down to the last fraction of a second. Some crews take 27 strokes to the minute, other crews 31, others 42, and they will talk and argue as to which is the best, and every man is told how to sit, how to move his feet, how to handle his hands, in order to get the very highest possible efficiency and cooperative force. Everything is planned and timed to the very greatest nicety. Now, suppose the same system could obtain in a cooperative shop, where every man is a part of the unit, in all turning out the greatest amount of work and the best kind of work; would not that be fair?

Mr. BERRES. There is quite a distinction. Those men in the boat crew are only going to do that once, to-day. They are not going to do it day in and day out. They are not going to work under that strain all the time. Everybody knows that an athlete could not do the same thing day in and day out.

Commissioner BALLARD. That is very true; but in order to get the best results that has to be taken into consideration, and where they do it every day the time must be regulated to the best advantage, by a stop watch or some watch, or a time study is made in every case.

The ACTING CHAIRMAN. Have you any questions?

Commissioner HARRIMAN. No.

The ACTING CHAIRMAN. You have stated what seems to be evident from what I have heard before, that a good deal of the difficulty in this as in other cases is due to misunderstandings, mutual misunderstandings. Of course, the object of this commission is to try to clear up the misunderstandings. The commission has approached the subject from different angles, but we are trying in a semi-judicial way to arrive at some common meeting ground. If we could all agree on what is meant by scientific management, a good deal could be accomplished; isn't that so?

Mr. BERRES. That is very true.

The ACTING CHAIRMAN. I am going to hand you a very rough draft of a definition which I have prepared after hearing what has been said here, and I will ask you if you will study it over and at your convenience, if you feel like it, return it with any suggestions you may have on it.

Mr. BERRES. I should be very glad to do so.

The ACTING CHAIRMAN. Any other questions? We are much obliged to you, Mr. Berres.

Mr. BERRES. May I say just one word? I do not want to take up time, but I do not want to let the statement go without refuting it that in the case of men leaving their organizations where these systems are being installed two plants were cited, one the Midvale and the other the Bethlehem Co. I want to say that in either case there have never been enough union men in either of those plants to form an organization that would have a quorum. In the case of the Bethlehem Co. a man might just as well sign his death warrant as to let them know that he was a member of an organization, and I want to say that in the case of the last strike in 1910 it was investigated by the Labor Department, and reported in Document 521 of the Senate, an investigation under the direction of Charles P. Neill. And where the strike at the Bethlehem steel plant occurred there was no semblance of an organization, none whatever; nor has there ever been at Midvale. And while I do not think that the strike occurred because of the fact that the system was in vogue, I do want to say that if after that system was installed and those were the conditions that obtained there, surely, then, the system is not the great benefit to the workers that the experts say.

On page 18 of this document, the second to the last paragraph—this is for 1910—it says there were a large number of laborers working for 12½ cents an hour 12 hours a day, 7 days in the week; of the 9,184 employed in January, 3,840, or 28.7 per cent, were working for 12 cents and under 14 cents an hour; 1,528, or 16.6 per cent, for 14 and under 16 cents an hour; 48.5 per cent of all the employees were getting less than 16 cents an hour, 31.9 less than 14 cents, and 61.2 less than 18 cents an hour.

That is all I care to put in the record.

The ACTING CHAIRMAN. We are very much obliged to you, Mr. Berres.

Mr. BARTH. Could I be allowed just five minutes to throw light on the Bethlehem situation?

The ACTING CHAIRMAN. I do not think we can yet. If you will stay through the meeting, you will be allowed to make some rebuttal; but I think we had better not interfere with the other proceedings.

Mr. BARTH. I did not get quite finished yesterday. I could have said more.

The ACTING CHAIRMAN. Please make notes of anything. You may hear something that you will be interested in.

Mr. BARTH. I have got plenty of notes already.

TESTIMONY OF MR. SANFORD E. THOMPSON.

Mr. THOMPSON. Will you give your name and address, please?

Mr. S. E. THOMPSON. Sanford E. Thompson. I have offices at Newton Highlands, Mass., and also in Boston.

Mr. THOMPSON. What is your profession?

Mr. S. E. THOMPSON. Consulting engineer.

Mr. THOMPSON. What particular lines of work do you carry on as consulting engineer?

Mr. S. E. THOMPSON. My professional practice includes two branches—one of those consultation with reference to engineering design and construction and the other line management. The work of management is divided about equally between industrial work and construction work.

Mr. THOMPSON. With reference to your professional work in regard to management, how long have you been engaged in that?

Mr. S. E. THOMPSON. The strictly professional work, I have only been engaged in that for about three years. I was engaged for about 20 years, part of my time, in the work leading directly up to this, particularly in the study of the building trades.

Mr. THOMPSON. In regard to the study you have made professionally in the building trades, in regard to the question of management, have you served upon efficiency systems, so called, or scientific management?

Mr. S. E. THOMPSON. My studies have been along scientific-management lines; that is, the studies have been made according to the methods that Mr. Taylor has introduced in shop work.

Mr. THOMPSON. Has your study of scientific management, as you have said, had to do with the management of men?

Mr. S. E. THOMPSON. The special studies that I refer to have had more to do with establishing standards, time study, and economical operations of men; yes.

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Mr. THOMPSON. Of men?

Mr. S. E. THOMPSON. Yes; in distinction from the machine.

Mr. THOMPSON. The subject we have under consideration here is efficiency systems and labor, and I want particularly to direct your attention to the question of scientific management and efficiency systems as they touch on the working of men. Where have you made studies of scientific management as relating to the workmen—in what places, what construction work?

Mr. S. E. THOMPSON. Either I or my assistants have made studies all over the country; that is, east of the Mississippi, east of Chicago—Boston and New York, Ohio, and various other places.

Mr. THOMPSON. You might describe briefly the result of such studies and the method in which you make them.

Mr. S. E. THOMPSON. You are taking up the latter part of the questions that you gave me first, are you not? I can illustrate that best by referring to some of the matter that I brought with me, not to present to the commission but simply to give an idea of the character of the work. This book which I have here on Concrete Costs, written by Mr. Frederick W. Taylor and myself, is the first publication of what might be called a code of laws for the concrete industry. It is a code 709 pages long. I believe one of these books has been sent here and is one of the exhibits before the commission. I am not going to read the book to you at this time, but I do want to call attention to the tables it contains. These tables show the time and cost of practically every operation on a concrete job. I have here part of the original note sheets and the computation sheets used in making up this little volume. These are the notes taken on form construction; that is, the making of forms for a concrete building.

If you turn to the book, you will find over here in the back part of the book the time and cost of labor on the forms. There are times and costs for, I believe it is, over 700 pieces or forms. By "forms" I mean the wooden molds that are erected when a reinforced concrete building is to be constructed, into which the concrete is poured. These give the times and costs for all kinds and sizes, something that is absolutely impossible to give by any other method except time study and the unit time method.

A table in the back gives the times of these various units used in making up these times given in the table. This matter here represents some of the tabulations necessary to figure up those times.

This other pile which is before me is the same height as a pile that I intended to bring with me, but could not get into my bag, which checks the amount of computation necessary in getting up this book. This code took about four years' time of two assistants all of the time and quite a good deal of my own time and some of Mr. Taylor's, and the cost of it was over \$20,000.

The apparatus we use in making time is a stop watch, and for convenience we inclose this watch in a book, which I have here.

The CHAIRMAN. I wish you would pass that around to the members of the commission.

Mr. S. E. THOMPSON. Very well; I will wind it up first. The manner of getting at these times in the course of construction is something as follows:

The work on this particular matter was done by one of my most competent engineers. He selected five of the best contractors in reinforced concrete in the country and made special studies on the job. He also took supplementary studies on various other jobs. In this way he found the actual time of performing each operation. It included the work from the time of lifting one board and driving one nail to the time of erecting and moving the forms.

In respect to the details he took the various methods adopted by the best contractors and studied them in detail, and combined the best in each, and also thought out new methods and obtained designs that were extremely economical to construct and use. I have a drawing here which shows that. I had several copies blue printed, just to show the result of one particular study. I do not expect you to appreciate the details of it, but it is simply a practical illustration of one practical thing that has been accomplished. This drawing is the result of these studies, and the form was designed by my associate, Mr. Lichtner, who made original studies. By such methods as these we found the time required to build forms for all kinds of work. We have in these form tables, for example, the times and costs for over 700 pieces or forms.

The importance of this form construction may be realized when we consider that about half the cost of a reinforced concrete building is in the making and

erecting and removal of the forms. If you would like to have me do it now, I can, perhaps, illustrate the method of making these studies, and the result.

Mr. THOMPSON. I would like particularly to direct your attention to the method of studying the operations of the men. For instance, you say that you studied the men with the five contractors and found how long it took from many studies for them to actually do the work, and that you also made suggestions as to more correct methods of doing their work.

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. I would like very much to have you give us more on that subject.

Mr. S. E. THOMPSON. Perhaps the simplest way to illustrate that is this—you mean the way that we actually made these time studies? Is that the idea?

Mr. THOMPSON. As I understand you, you have two methods of cheapening concrete construction?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. First, by finding the best forms to use. I take it that that had little to do with the actual work of the workmen. It may have reduced the amount of work necessary, but it had nothing to do with its management. It is the form decided upon as the best form to use?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. What I would like to get from you now is the studies you made and the methods of the workman when he drove a nail, when he lifted up a plank, and, briefly, what changes, if any, you made in that work.

Mr. S. E. THOMPSON. I think probably I can do that best if I follow out the line of two or three of these questions that you have handed to me.

Take the second part of question two: "Describe the methods used." The principles are the same in the shop where the requirements are similar to shopwork, just as in a shop where the problem is a large one and involves the scientific study of the methods and the men. I can illustrate best, perhaps, before giving you the methods, by showing you the results obtained in one concrete case, and that is the making up of the form for a concrete building. This making of the form is a carpenter's job. It is putting some boards together, and cleating these boards. I do not need to go into the details at all. By the ordinary method, and I am in this way taking up, I think, just the point you wish to illustrate, the foreman takes the general drawing of the building, looks it over, and tells each carpenter the size of the form required. The carpenter goes to the lumber pile, probably 50 or 100 feet away, seeks through the pile until he finds just the boards he thinks will fit, selects them and then carries them one by one to his workbench, and puts the boards together in almost any way he chooses. He measures and saws off the length and squares each end with a saw. Then, in order to make the width right, he runs a split saw the whole length of the board, which is very laborious work.

As a comparison between this former method which he used in a very large part of the concrete work, the larger proportion of it in this country, I wish to show now the newer way, the more scientific method. In this I am not describing a theory, but the actual practice followed on jobs that have introduced in them at least partial scientific management.

By this new method a detailed plan of the form, of the most economic design, is made up in the office. The boards are arranged so as to have just the right width to make the form, without any sawing, if possible. The boards for each form are sawed to length in a sawmill. They are then taken to the carpenters by laborers, and piled just back of their benches. The carpenter takes the boards and lays them out in the way called for by the plan. He uses the sizes of the boards exactly. He drives the number of nails shown on the plan. He gets better, stronger forms, in about a third of the time that he was accustomed to use.

I want you to note the distinction between the old and the new. In the first place, there is the design, and in the second place, there is the lumber which comes right, and in the third place there is the carrying of the lumber, which is done by laborers, who ought to do it, and in the fourth place there is the saving of the sawing by the carpenter, and in the fifth place there is the nailing of only the right number of nails and with the right tool, and in the sixth place, a point that I have not heretofore mentioned, the forms are made in groups, which will make them work most economically.

Instead of doing that work of the laborer, the carpenter does the work of his own trade. The danger of having to remake his work on account of

mistakes, something a skilled workman dislikes more than anything else to do, is almost entirely eliminated. If the regular day rate for a carpenter is \$4 per day, he receives, say, \$5.20.

Mr. THOMPSON. As I understand it, so far as you have described the operation, it is principally preparing the work and telling the carpenter of the plan, so that he may save time. There is no specific time placed upon his motions or movements?

Mr. S. E. THOMPSON. That is one side of it. Now, on the other side, we have the timing. I have some notes here which are arranged in a certain order—

Mr. THOMPSON. If you have your notes in a certain order, we will take it up in that way.

Mr. S. E. THOMPSON. Perhaps that will be the quickest way. Suppose we drop for a minute, then, the making of the forms and take up the third question.

Mr. THOMPSON. Have you in any case dealt with labor unions in any such undertaking? If so, what attitude was encountered? Was that attitude uniform on the part of the different trades?

Mr. S. E. THOMPSON. I have never dealt with labor unions, although I have dealt with a good many labor union men.

Men who work under scientific-management methods always like the work, so far as I have found in all my experience, the union men and also the non-union men. I never saw a case otherwise. To illustrate that, for example, in a typical case, in a shop in Lawrence, Mass., that was being put under scientific management, we did as we usually do. We made studies, and after arranging the routings which I have described, we put a pair of two men onto task and bonus work, a couple of carpenters. After that had been going on for a couple of days—we always try them out before we put on any more men—a couple of men from the other side of the shop came to the foreman or superintendent and said, "Now, look here, we have been with you longer than these two men, and we can do just as good work as they can. Give us some of this extra money."

Now, that is not a special case; it is a typical case. In another case I have a letter that I happened to run across, which I received some time ago. It says, "All men, union and nonunion, are crying for task and bonus."

The trouble is always with some members of the company, or the superintendent, or both, just exactly the same as it is in shopwork. You can not convince the superintendent for a long while that this method is any better than his old method of swearing at the men and threatening to discharge them. You can not convince him that this old method is not better than the new method of paying extra pay and handling the men properly.

On the other hand, when the superintendents do realize the advantages of it from their own standpoint—I am speaking now of the ease with which the work is handled—and the better feeling with the men, then after a time they come to ask for it. One construction company, for example, is introducing scientific management in its various places. This company does work all over the country and has a large number of superintendents. It gives the superintendents the option of handling their work under scientific management methods or not, just as they choose. It has been about two years since this company began, and now the superintendents are coming to them asking to have scientific methods introduced into their organization. Now, in answer to your fourth question—

Mr. THOMPSON. I will read the question, so that it will appear in the record. I may say for the benefit of the commission that we handed Mr. Thompson some questions, written out, so that he would have a general knowledge of what we were going to cover.

Mr. S. E. THOMPSON. These questions cover almost exactly the original letter of the commission to me.

Mr. THOMPSON. What has been the effect of the system on the earnings of unskilled workmen?

Mr. S. E. THOMPSON. This varies with the class of work. In general, I might say from 25 to 35 per cent. In one case in the shop very recently we have been establishing a bonus of 100 per cent. That does not apply to construction work.

Commissioner O'CONNELL. Why does it not apply?

Mr. S. E. THOMPSON. This particular case was in a shop and not on construction work—this particular case of 100 per cent. I do not mean to say that

in certain forms of construction work you might not desire to use a 100 per cent bonus.

Mr. THOMPSON. Will you state the general increase in pay on construction work?

Mr. S. E. THOMPSON. As I have said, it is from about 25 to 35 per cent.

Mr. THOMPSON. Why is it that in shopwork there is the possibility of an increase of 100 per cent and on construction work only from 25 to 30 per cent?

Mr. S. E. THOMPSON. Your question does not state quite the truth of the matter. I did not say that it was impossible or inexpedient to use 100 per cent on construction work. In that case of a 100 per cent bonus I was simply referring to one particular, specific instance.

Mr. THOMPSON. You might state what that instance was, and why in that case 100 per cent increase was paid.

Mr. S. E. THOMPSON. This was in a shop, and the work was of a very intricate nature. Now, the union pay on that job was \$15 a week, but for that particular class of work on that machine it required a great deal of skill and experience, and it was no more than fair to give the men 100 per cent bonus, and so they were given a bonus by raising the pay to \$30 a week instead of \$15.

Mr. THOMPSON. What kind of work was that?

Mr. S. E. THOMPSON. I would rather not answer that question, because of some of the points that are involved. I would be glad to give the name to the commission, but not to have it spread on the record.

Mr. THOMPSON. You would rather give it to the members of the commission themselves?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. All right, then; you may do it at your leisure. What has been the effect of the system on the relations of employers and workmen, if you know?

Mr. S. E. THOMPSON. In every case that I have had anything to do with it has been beneficial, even leaving out of consideration the task and bonus feature. The men seem to like the work under the tickets, where the time of their work is recorded; and one of the reasons they give is that the favorites of the foremen are not given snap jobs; that it gives a square deal for everybody, and the work of all the men is recognized.

Mr. THOMPSON. What results have been secured in the form of greater speed and decreased cost of construction?

Mr. S. E. THOMPSON. Just one further word. I was not quite through with my answer with reference to the effect on the relations of employers and workmen. In the particular company to which I have referred, in construction work, the men follow the jobs around from one place to another. If the company has a job in Ohio, for instance, or we will say New York State, the men come—a good many of them at their own expense—in order to work on that job, instead of taking a job in their own city.

Mr. THOMPSON. Just one question there. To what extent is that due to the installation of the system.

Mr. S. E. THOMPSON. I understand that has been largely increased since they began to introduce these methods, and that is the reason given—that the men like the task and bonus—and so for that reason they follow the jobs around.

Mr. THOMPSON. Has that been told to you by the contractor?

Mr. S. E. THOMPSON. Yes. Also, we have been in contact with the work to a certain extent.

Mr. THOMPSON. What results have been secured in the form of greater speed and decreased cost of construction?

Mr. S. E. THOMPSON. With reference to speed, the management on construction work has not gone far enough to get very definite results. It stands to reason, though, that where the limit of speed on a job—that is, the period of construction—is limited, as it is in a great many cases by the number of men who can work on a job, if these men accomplish more there will be an increase in the speed; that is, the job will be completed sooner.

Furthermore, if we look at it from the standpoint of work that is accomplished, we might say, as a list of the things that would make for this:

1. The work is planned in advance.
2. The materials come in when they are wanted.
3. The materials come in the right quantity and shape to be used without sorting and rehandling.
4. Delays on account of unsystematic arrangement are avoided.
5. The skilled workmen accomplish more because they have material supplied more systematically.

6. The speed with which they do each piece of work is increased by the fact that they are given a bonus for its proper accomplishment.

Mr. THOMPSON. I should like to ask you at that point, Mr. Thompson, what proportion of the advantage comes from the bonus given to the men for increased speed, and what proportion of advantage comes from the other matters you speak of, like the laying out of the work, and so forth.

Mr. S. E. THOMPSON. That is a question that it is impossible to answer definitely, because the two are so intermingled. I should say at least half.

Mr. THOMPSON. At least half will come from the greater speed of the men resulting from the bonus?

Mr. S. E. THOMPSON. About half from one and about half from the other.

Mr. THOMPSON. How much importance do you attach to the time study?

Mr. S. E. THOMPSON. I consider it the foundation of the whole thing, that toward which the other work leads up.

Mr. THOMPSON. In actual practice, how is this study made? Have you covered that in your previous testimony?

Mr. S. E. THOMPSON. No; I have not. I can illustrate that best by taking a case right here in this room. If you will look toward the ceiling you will see a molding just above the paper. That is a piece of wooden molding. Now, I have here the times that are required for cutting and erecting a molding like that, and I do not think I can do any better, to illustrate the process of time study and also to show you how the time of the task is fixed, than to take that illustration.

It is evident, looking at that molding, that it will take a different length of time to place a molding like that, as it is so cut up by windows and with corners and a chimney piece and a long piece across that end, than if this room were perfectly square. There is no carpenter living, I might say, who can actually tell the difference between those two cases, but by time study you can tell the difference between those cases and all similar cases, if you have the right units.

Now, leaving out the very fine units, the unit times, as they are called, that we take with a stop watch are as follows:

Move tools and implements. That is, bring the tools to the job.

Get molding to hand. I am reading what was written off by a time-study man who came from the workman.

Get length of molding. Cut moldings off square.

Place in box and cut miter.

Place to nail.

Nail per foot, two eightpenny wire tin-finished nails, 16 inches on centers.

Nail extra per corner, cope molding, extra per slice, cut and miter, extra for mitered corner.

A combination of those units will give you the times on all kinds of molding.

Now, looking at it in a different way, and in order to set the task for it; that is, to find out how much it is, you have got to consider the difference between that beveled corner and the square corner, the difference between cutting it up against that window and laying a straight piece, and so we have these unit times divided into five groups. In the first place, there is the time of getting ready for the job; in the next place is the time of fitting the corner. Now, that time of fitting corner—just to illustrate that one point—requires an extra cut and an extra nailing, so that there are two or three unit items that come into that.

The third feature is the time per linear foot. That involves the placing and nailing.

The next is the fitting of the mitered corner, or the beveled corner, such as we have there. The next is splicing.

Now, from that I can figure the actual time that it takes. I came up here last night and simply paced the length and width of this room and counted up the corners, so as to save time; and in order to do that I took these times that were made up for a job of carpentering in actual use, for setting tasks of the men and figuring it. For example, there are 13 pieces, at a minute and thirty-five hundredths; that is, 17 minutes and a half. There are four corners at 1.57; there are four mitered corners at 2.76; there are 68, approximately, linear feet of molding, at one-quarter of a minute apiece, seventeen minutes and seven-tenths.

There is one splice, right up here, 2.90. Add to that the time of moving tools and getting ready, and we have for that, 4.45. The total time would be

fifty-nine minutes and eighty-seven hundredths. In practice, that would be 1 hour, or 60 minutes, for cutting and placing that molding.

Mr. THOMPSON. That is in this small room?

Mr. S. E. THOMPSON. If this room were square, I have figured it out that it would be about 40 minutes.

Mr. THOMPSON. That is this room here?

Mr. S. E. THOMPSON. Yes.

Commissioner WEINSTOCK. That is, it would take an hour to put the molding around this entire room?

Mr. S. E. THOMPSON. No; only this section, this end.

Commissioner WEINSTOCK. Three sides?

Mr. S. E. THOMPSON. Practically it would be five sides, because of the angles there.

Commissioner O'CONNELL. Now you are all getting anxious.

Mr. THOMPSON. What time percentage would you allow the workman to accomplish that in order to get a bonus? Would it have to be done in an hour?

Mr. S. E. THOMPSON. No; you would add to that 30 per cent. That 30 per cent would cover the necessary rest and delay.

Mr. THOMPSON. How do you figure this 30 per cent? On what basis is that arrived at?

Mr. S. E. THOMPSON. That percentage is based on certain definite rules, depending on the heaviness of the work and on the rapidity with which it has to be done, and in the trade those percentages have to be established; they vary with the different character of the work.

Mr. THOMPSON. Can those rules be gotten at? Are they published?

Mr. S. E. THOMPSON. No; they are not.

Mr. THOMPSON. Can you tell us what those rules would be with reference to the placing of that molding?

Mr. S. E. THOMPSON. The rules are in a measure empirical. They are partly based on experiments such as Mr. Taylor described in his talk with reference to the weight on a man's arm, and in other cases they are based on time studies of the operation of a particular job. For example, in a new job, of course, we have no percentage and you have to fix the task; and you can determine from these other percentages on other classes of work very nearly what the percentage would be; but in order to be sure of what you are doing, and check that, the plan that we follow is that after finding the accurate times and combining them, to time a man on a piece of work involving all these units—for instance, in this particular case we would time a couple of men putting around that molding on a number of rooms, and we would time him so as to be sure that he was not loafing; simply we would watch him and take times on him and see that he wasn't loafing, and then from that you would get at the proper percentage.

Mr. THOMPSON. What definitive time do you allow in that increased time for delay in getting materials, or delay in getting tools, or anything of that kind?

Mr. S. E. THOMPSON. That is this 4.45 minutes that I spoke of. He brings the tools with him to the job, and the material is put around by laborers; routed to the job, as we call it.

Mr. THOMPSON. Those estimates are based on the assumption that he has the material and the tools at hand?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. And in the extra time of 30 per cent, that is also calculated on the basis of the tools and material being at hand?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. Then, in the estimate so far there is no allowance such as named yesterday in the American Locomotive Works, where the witness said he saw men frantic waiting for the crane to come along?

Mr. S. E. THOMPSON. No; if you have waits of that kind you have not scientific management at that point in the game.

Mr. THOMPSON. In other words, in making an estimate for time on task work, then, where the worker had to rely upon the presence of a machine like a crane, that he could not control, but was used by others, the system would break down?

Mr. S. E. THOMPSON. No. If there was simply one crane in the place and that had to be used by these workers, the work would be routed to that crane so as to distribute it as evenly as possible, so that you would have a

minimum of waits; and then if the study showed that there were waits which can not be taken into account, then there would be enough time allowed to these men to make up for these waits on the average.

Mr. THOMPSON. That could only be arrived at by a study of a long period of time, could it?

Mr. S. E. THOMPSON. Yes. That is just what I mean by the scientific method. You have got to get these things ready before you can put scientific tasks into operation.

Mr. THOMPSON. What grade of man is selected as the subject of study?

Mr. S. E. THOMPSON. A man well fitted for his work.

Mr. THOMPSON. What incentive is given him to work efficiently?

Mr. S. E. THOMPSON. That varies. About 50 per cent is usually a fair amount to give him. You would take it up with him and tell him you are going to put him to some trouble and are going to ask him to work in just the way you want him to—that you are going to ask him to take the tools you are going to ask him to use, and are going to ask him to do the work in the sequence you request; and for that you give him this extra amount. He does it with the knowledge it is to be for task work.

Mr. THOMPSON. How many observations are ordinarily made, if you can state that?

Mr. S. E. THOMPSON. That varies entirely with the character of the work. If a particular unit time occurs only seldom, comparatively few times are taken. If it is something that is to be repeated for a large number of times, like shoveling, perhaps a thousand or more times are taken. Then I would say the range would be from a very few up to a thousand, according to the class of work.

Mr. THOMPSON. The purpose of the installation of your system, Mr. Thompson, or of any such systems, is to eliminate waste, is it not?

Mr. S. E. THOMPSON. Yes; that is one of the purposes.

Mr. THOMPSON. And when that touches the actual work of the workmen, it is to eliminate waste of time in the performing of the job?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. Therefore, it starts with the basis that the workman will complete a given job in less time than before?

Mr. S. E. THOMPSON. No; not necessarily. He will complete it in a time which is fair. It might be you will reduce the time or increase the time he is taking for the work; you would increase the time he is taking if he is working too hard.

Mr. THOMPSON. If it is piecework and he is crowding himself too fast, the time will be increased?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. And he will be compelled to work slower?

Mr. S. E. THOMPSON. Yes. I had my attention called to an illustration of that. Two or three years ago a certain construction work was doing a little with scientific management methods, and there was one foreman who was called a man killer. He was handling steel bars for concrete work, and working his men by the day. They were worked extremely hard. There was something said about putting that work on the task and bonus, and we refused to have anything to do with that so long as that foreman held his opinions. I understood only a few days ago that that foreman was still with his company, and he has seen the introduction of the task and bonus and the operation of it on other classes of work, and so he came around and asked for it, and had taken it in the spirit in which it was introduced, and was going to work under the task and bonus.

Mr. THOMPSON. Then, in so far as his work was concerned, you might have reduced the output of a given number of men?

Mr. S. E. THOMPSON. Yes; we probably should.

Mr. THOMPSON. That would be, in your opinion, to the advantage of the men?

Mr. S. E. THOMPSON. Yes. I would qualify that other answer now, because in that particular case, and in general, the ultimate effect would not be to reduce the output. We would reduce the amount of work that he would do, the amount of labor, but we would make up that difference by these other principles of properly routing material and methods of handling.

Mr. THOMPSON. I am always eliminating that element in my questions. As I stated in the beginning, I am trying to get at the matters that affect purely the workman in the performance of his work. I am taking it that you could,

by routing and superior planning, make a saving in the work even though you made no time studies of the men?

Mr. S. E. THOMPSON. Yes; although the time studies are necessary to a certain extent in order to properly route the work, because you have to tell how long a job takes in a general way, and sometimes quite definitely, in order to fit it in with other jobs and lay it out in advance.

Mr. THOMPSON. That would not necessarily be a time study of each operation, but a time study of the average of time the job took under the old method?

Mr. S. E. THOMPSON. In a good many cases the time study of the individual operation is absolutely necessary.

Mr. THOMPSON. That is, not for the purpose of laying down a rule of action for him, but rather to serve the purpose of the other planning and routing?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. But generally the idea is that by the introduction of these systems waste will be eliminated; first, with regard to the planning, routing, etc.?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. And next, and the question in which we are interested, in saving the time of performing a task by the worker.

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. And that amounts to about 50 per cent of the proposition, as you have stated?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. In setting the time for a task, do you generally allow a bonus in connection with the performance of that task?

Mr. S. E. THOMPSON. I do not quite understand your question, whether you mean bonus in distinction from other—

Mr. THOMPSON (interrupting). I mean a bonus as used by Mr. Taylor.

Mr. S. E. THOMPSON. We allow some method of giving the man more pay.

Mr. THOMPSON. Will you state one method of that? And I would then like to examine you on it. Take this carpenter job of which you spoke. I suppose that would be repeated a thousand times?

Mr. S. E. THOMPSON. We usually adopt, as a method of paying the extra money, what we call the bonus system. But may I bring out a point right here that seems to have been treated with more or less confusion? That is the form of payment, whether it be bonus or premium or any other, is of but little fundamental importance in comparison with the scientific determination of the task. One plant that was referred to, the Link Belt Co., has a form of piece-rate system. The Tabor Manufacturing Co. has a bonus system. Mr. Gantt has a different form of bonus from what was used in that plant. The Plympton Press, referred to yesterday, has a combination of bonus with graduated wage system, and so on. But all of these produce the same result simply because they have the same fundamental basis of the scientific determination of the time and, naturally, the distinction between what sometimes has been called in this hearing piece-rate work and the newer method.

Mr. THOMPSON. Give us one statement of a bonus scheme with reference to the performance of the work within a task time.

Mr. S. E. THOMPSON. In this case to which I have referred the time we have figured is 1 hour and 18 minutes. If he gets it done in 1 hour and 18 minutes he receives the pay for that time and also a bonus of 30 per cent on that pay. If he does it in less than that time, he receives simply his day pay.

Mr. THOMPSON. If he performs it in less time?

Mr. S. E. THOMPSON. I beg your pardon. If he performs it in more time, if he takes longer than 1 hour and 18 minutes, he gets simply his day's pay for the time he is working on it.

Mr. THOMPSON. Is there any graduated bonus system that you use in which the saving of time from minute to minute becomes of added benefit to the worker in increased pay?

Mr. S. E. THOMPSON. No; not just in that way. But after he reaches that point, if he does it in a shorter time, then he gets some increased pay. Below that time he gets no more than his day wage.

Mr. THOMPSON. You mean above that time?

Mr. S. E. THOMPSON. Above that time; I beg your pardon.

Mr. THOMPSON. If he takes longer, you mean?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. What would be the increase of work of that kind that would be often repeated if he completed that work in 10 per cent less time or 20 per cent less time?

Mr. S. E. THOMPSON. You are going into details that I question very much really affect the conditions. There are different ways of handling that kind of thing. To go into details, it seems to me, will rather confuse the point and take quite a good deal of time in explaining the different methods. For instance, I see Mr. Gantt uses one method of bonus. The Tabor Manufacturing Co. uses another method. The exact way of handling that differs. If you want me to do so, I will be very glad to do it, but it will take a good deal of time to go into the detail, where we have the general principle—

Mr. THOMPSON (interrupting). Let me put a question which may bring out an answer to the whole proposition. If a scheme of bonus is provided by which the worker receives increased pay for each minute that he saves in performing the task, then that bonus and that scheme would have the effect of offering a premium to the worker to work as fast as he could, would it not?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. And the tendency; and it must be the purpose of offering such bonus is to get the worker to perform the task as fast as he can?

Mr. S. E. THOMPSON. If you adopt that method; yes.

Mr. THOMPSON. Consequently it would be, so far as desired, no different from ordinary piecework as to getting the workers to work as fast as they can?

Mr. S. E. THOMPSON. If you have no limit and no distinction, that might be true. The bonus method that I have referred to does not have that difficulty, because we fix the task which is supposed to be a fair task. We do not care for him to do it in much quicker time than that. We consider that a task is about right for him, and if he does it in quicker time we do not give him so much greater excess than we give him for doing it in the required time.

Mr. THOMPSON. Then it is your opinion that to place a bonus upon the quicker performance of the task is not the right theory to have the task performed?

Mr. S. E. THOMPSON. I rather prefer this other method.

Mr. THOMPSON. But you do agree that where such a theory is put into operation of offering the workman the premium on all the time he saves that such has a tendency and is intended to get him to perform the task as speedily as possible?

Mr. S. E. THOMPSON. I would not say as speedily as possible. I would say as speedily as he can do it without overwork. If a man is getting good pay, he is not nearly so apt to overexert himself as if the limit was away down low. If you give him a good advance over his ordinary day's work, there is not the incentive to overwork himself, as you might say.

Mr. THOMPSON. The very theory, however, of offering him a bonus for doing it in shorter time must be of appealing to him and creating an incentive for him to work faster. That must be the theory of it, must it not?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. Whether it actually works is another thing, of course. As I understand, according to your statement, if he gets a fair day's wage, he is not inclined to accept this incentive, and it is intended for that purpose?

Mr. S. E. THOMPSON. The whole proposition is that under whatever system you have you fix what is a fair day's work, and give the men to understand that that is what he is rather expected to do.

Mr. THOMPSON. In the setting of these task times in any place where you have set them have you ever taken into consideration or worked with the workmen in the determination of a standard time?

Mr. S. E. THOMPSON. Yes; in every case.

Mr. THOMPSON. In any of these cases has he had, with the employer, an equal voice in making that determination?

Mr. S. E. THOMPSON. He practically has the deciding voice, for this reason: After we make our studies we set a man onto his task and offer him the bonus for its accomplishment. He knows what he is doing it for; he knows he is doing it to establish a rate for that whole shop. He is not pushed; he is not asked to exert himself. He is told how to do it; he is told the right way to do it; and until and unless he shows he can do it no result is reached. But if we feel that there is something a little bit wrong with the task, and unless at the first send-off a man can do what he is told, that task does not go. When a task is set and is in operation—for example, in a case that I have in mind, there were some carpenters who were setting a window casing. A time was

set on a new job, based on unit times, and the carpenters immediately fell down on it. This was during the introduction of the system. They immediately came to the foreman—it does not take them long to find that out—and the time-study man went out there and found there was a mistake in setting the task. It was immediately corrected.

Mr. THOMPSON. Who determined that there was a mistake in setting the task?

Mr. S. E. THOMPSON. The time-study man.

Mr. THOMPSON. And his determination was the final decision?

Mr. S. E. THOMPSON. In that case I believe my associate was on the work at the time, and he made the final decision. If he had not been there, the time-study man's decision would have been accepted as final.

Mr. THOMPSON. The time-study man was an employee, either directly or indirectly, of the employer?

Mr. S. E. THOMPSON. You mean by that that he was paid by him?

Mr. THOMPSON. His time was paid for by the employer?

Mr. S. E. THOMPSON. Certainly.

Mr. THOMPSON. In your opinion, would it not be feasible for the employee to have an equal opportunity to have a voice in the determination of the time study, as you say he already has, and also would it not be feasible for him to have an equal voice in the selection of the time-study man?

Mr. S. E. THOMPSON. I would like it very much to have a workman pick out satisfactory time-study men for me. One of the most difficult things in introducing a system of management is to find the proper time-study men to handle these different classes of work. Now, if the men would pick me out a time-study man that would do his job accurately in this routine, scientific fashion, I would be delighted to have them do it.

Mr. THOMPSON. Then, you see no objection?

Mr. S. E. THOMPSON. I would not have two men on the job. That would be impracticable entirely.

Mr. THOMPSON. In other words, you think that the use of the extra time study man representing the employers would not work?

Mr. S. E. THOMPSON. It is absolutely impracticable.

Mr. THOMPSON. They do use it, though, in the anthracite coal regions. They have there what they call a check weighman.

Mr. S. E. THOMPSON. That is an entirely different proposition. Yes, and I understand that they have a lot of friction; it would engender the friction and reduce the good relation that does exist. I never find any trouble in timing men. We have never run up against this trouble of timing men, and no objection whatever to their being timed, by the men or girls either.

Mr. THOMPSON. There is another objection that you may not be aware of, in the organized labor world against these systems; not against efficiency, as I understand their position, but as against these so-called efficiency systems of which Mr. Taylor's is the leading one which they mention. It seems to me that the opposition could be removed to a great extent, perhaps wholly removed, if there were some introduction of the democratic principle into it. Of course, the place where it would be of greatest importance would be the setting of the time standard.

Mr. S. E. THOMPSON. I can not answer that, because I disagree with your original statement that there is objection to it on the part of the laboring world. The men with whom I have had to do, whether they are union men or nonunion men, so far as my experience goes, who have actually been in the shops and on the jobs where the methods are being introduced, like it without exception.

Mr. THOMPSON. Let me put it to you in another form. Assuming that the time standard has been set for the work, what is to prevent the employer from introducing that time standard at any time he pleases, if he is the sole judge?

Mr. S. E. THOMPSON. For the same reason that an employer who is paying laborers on the street \$1.75 a day does not reduce them to \$1.25 a day. That is one of the reasons.

Mr. THOMPSON. In other words, you mean the supply and demand of labor would control it?

Mr. S. E. THOMPSON. Yes, if the workmen object. Another very fundamental difference, which is very difficult to appreciate—this is not theoretical; it is practical, but it is very difficult to appreciate, and that is the change of attitude that comes about in the management after a system of real scientific management is introduced, and they have an entirely different feeling toward the men, an entirely different feeling toward the amount that the men earn. Of

course, I am talking strictly about where the work is really done under scientific methods.

Mr. THOMPSON. But in the last analysis the controlling factor is that the employer can not reduce the price below the point where he can get the men?

Mr. S. E. THOMPSON. Or have friction in his shop, or misunderstanding in his shop. It is opposed to the whole principle. One of the fundamental principles is that you must not cut rates. If you cut rates you throw the whole thing away.

Mr. THOMPSON. Assuming that the proprietor is willing to stand that friction, and assuming that he minimizes the possibility of it when times are dull and the demand is not so great, and the men are not only willing to work under the cut, but they have to work under a cut, and they work pleasantly; that is, they will have to like it.

Mr. S. E. THOMPSON. He may not reduce the bonus; he may reduce the day wages. If the cutting of the rate of wages was reduced considerably below what was being paid in other shops in the locality—but he would not do it until he had gotten down to a certain extent below, because a good manager—I don't care who he is—likes to pay the high rate of wages rather than the low rates, and when the hard times come and the going rate of wages in that industry are reduced—then he would consider reducing the rate of wages of employees, the day pay.

Mr. THOMPSON. But that variation in the day rate and the variation in the treatment of the men, in accordance with the shops in that locality, would apply as well without the system as with it, would it not?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. And consequently the employer, without having the system, would naturally pay the rate of wages in the community, would he not?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. If he wanted to work without friction?

Mr. S. E. THOMPSON. Yes.

Mr. THOMPSON. Then under your idea there would be no need, or if there is no need for the organization of the men under this system, there would be no need for organizing the men without the system.

Mr. S. E. THOMPSON. I did not say there was no need of organization.

Mr. THOMPSON. Does not that follow from what you say?

Mr. S. E. THOMPSON. I do not say there is no need of organization.

Mr. THOMPSON. Do you believe that the organization of workmen in a shop where there is scientific management would result to their advantage? Could there be any point where they could meet with their employer and set day rate standards or the like?

Mr. S. E. THOMPSON. Yes; there is no reason under the sun why they could not meet and set this base rate wage.

Mr. THOMPSON. They could meet and organize for the same purposes and to the same extent in the scientific-management shop as well as in one in which there was no such scientific management?

Mr. S. E. THOMPSON. I do not think the necessity for it is quite so great, because of the better feeling between the men and the management, but there might still be a necessity for it.

Mr. THOMPSON. You see no objection to it?

Mr. S. E. THOMPSON. No.

Mr. THOMPSON. Mr. Chairman, that is all I care to ask the witness.

Commissioner O'CONNELL. Your personal application has largely been in building trades' lines, as I understand it?

Mr. S. E. THOMPSON. It has been about equally divided between that and the shop.

Commissioner O'CONNELL. What large manufacturing plants have you had experience with, employing 500 or 1,000 workmen?

Mr. S. E. THOMPSON. In the shop a good deal of my work, or at least a certain part of my work, has been one function. We have done something with the entire shop. One of the shops I have been connected with—I will speak of it because it was mentioned yesterday—was the Plympton Press. We make the original time studies there and set the first tasks.

Commissioner O'CONNELL. That was a machine shop?

Mr. S. E. THOMPSON. No; a book-printing establishment.

Commissioner O'CONNELL. Oh, the press—a printing office?

Mr. S. E. THOMPSON. Yes.

Commission O'CONNELL. Have the hours of labor been reduced in any way in that plant since the system has been in operation?

Mr. S. E. THOMPSON. I think they have. I am not positive about that; but I think that is on the records; I think the statement was made by Mr. Valentine. I will say that I went through the shop the other day, and we came into the room where the monotypes are at work, where the girls run the typesetting machines, and there was nobody around the machines; the windows were open, but none of the girls were there. Two or three minutes afterwards the girls all came trooping back. They had left simply for a recess.

Commissioner O'CONNELL. Do you know anything of the earning of the girls in that plant per day or per week?

Mr. S. E. THOMPSON. I would rather not give it from memory. I know they make good pay.

Commissioner O'CONNELL. What is to prevent the employer from establishing a rate of wage or a basis with an employee, say of \$3 per day, and, then, on top of that, establishing a bonus; setting a standard and then giving a bonus for going above the standard? What is to prevent him, in the course of time, from employing a man at \$2 a day to perform the same work, when the total earnings of the latter man and his bonus would not equal the former day rate of the first man?

Mr. S. E. THOMPSON. That is something I have never had any experience in. In all the work I have had to do with, the men who were running the machines and handling the work, were getting pay that was suited to their jobs, and I do not know of any change of that kind.

Commissioner O'CONNELL. Well, the rate is not based upon the job particularly, is it—upon the man, or which?

Mr. S. E. THOMPSON. The pay for all kinds of work is governed more or less by the character of the work.

Commissioner O'CONNELL. If you say that a certain job shall be \$3 a day, and the bonus on it was \$1 a day, that job will pay \$4 a day, we will say.

Mr. S. E. THOMPSON. Yes.

Commissioner O'CONNELL. Is every man that comes along entitled to that, regardless of his capability? Is that the standard—that every man that got that job would get?

Mr. S. E. THOMPSON. As an illustration of that point, the way it is handled in a certain plant might be of interest. That has to do with a process that requires a good deal of experience and skill, and this method of pay came in when I had to do with the work in that shop. I think it was at my suggestion, the way it was handled in that particular case; those girls are classified into three different grades. There is one rate of pay, we will say, at 12 cents an hour; another set of girls, on the same operation, earn 14 cents an hour; another set of girls, on the same operation, earn 16 cents an hour. That is determined automatically by their output. Just as soon as the 12-cent girl gets up to a certain standard of output, after she gains experience—she becomes a 14-cent girl and also gets a bonus on that 14-cent rate.

Commissioner O'CONNELL. That is, each one has a particular task that must be worked up to?

Mr. S. E. THOMPSON. Yes.

Commissioner O'CONNELL. In order to get the increased rate you must work yourself up to perform a certain task?

Mr. S. E. THOMPSON. Yes.

Commissioner O'CONNELL. Then that becomes purely a task system; that is not based on any special wage system. It is simply a task that is established, and if you want to get into this 12 or 14 or 16 cent class you must be capable of performing the task required, to get into that class?

Mr. S. E. THOMPSON. Yes; and that task is established by special stop-watch studies and time studies.

Commissioner O'CONNELL. If you were working in a department store where they employed clerks selling the ordinary materials that they handle in that store, how would you go about it to take stop-watch records of the ability of a clerk to sell goods to a purchaser?

Mr. S. E. THOMPSON. Well, in the first place I would want to spend perhaps six months in that shop and study it out and find the best way to do it. I certainly would not be willing to write a report to the company and tell them how that could be done without making a thorough scientific study of the whole thing.

Commissioner O'CONNELL. You think there is a great divergency in the ability or capability in one clerk to deceive a certain patron into the merits of one certain kind or class of goods or another; how would you do that with a stop watch?

Mr. S. E. THOMPSON. As I say, this proposition is one that I have never run up against, but I would find some way to do it.

Commissioner O'CONNELL. In other words, the capability of this girl to lay off 3 feet to the yard, laying off calico, she might lay off a little bit extra?

Mr. S. E. THOMPSON. Scientific management does not depend upon time study. I tried to make that clear.

Commissioner O'CONNELL. In the case of the stop watch, your rule would say that 3 feet made a yard of calico?

Mr. S. E. THOMPSON. Yes.

Commissioner O'CONNELL. But how would your stop watch get at the capability of that girl to convince a lady purchaser that that was the calico she wanted in less time, or in a speedier time, than another clerk would sell you that, or another man would sell you a pair of shoes or a suit of clothes, and convince you that it was all wool when it was cotton? How would you get at a proposition of that kind?

Mr. S. E. THOMPSON. As I say, we take all kinds of propositions of that kind and study them out. It might not be a stop-watch proposition at all. There are other elements.

Commissioner O'CONNELL. Then there is some other method besides the stop-watch method by which you can get studies?

Mr. S. E. THOMPSON. If you ask whether a woman is honest or not—if you want to determine whether a woman is honest or not, you can not do that by a stop watch; so that I will say you can not determine everything by the stop watch, unquestionably.

Commissioner O'CONNELL. Then everything is not based upon the time of measurement or figures, the whole proposition of production?

Mr. S. E. THOMPSON. I have given a specific instance where it is not. You can not determine, so far as I can see, whether or not a girl is honest to her customers by any stop-watch method.

Commissioner O'CONNELL. But, so far as your experience goes, has not the question of efficiency been largely applied to certain lines of industry; for instance, machine shops?

Mr. S. E. THOMPSON. I never had anything to do with machine shops, and I don't know anything about that.

Commissioner O'CONNELL. It seems to be a common prey for experts and experimentalists and cranks and all that sort of thing; they light on the machine shop the first thing. I don't know why.

Commissioner GARRETTSON. The machine shop is the dog in this, like the railways are the dog in national legislation.

Commissioner BALLARD. The only question I have is that it has been suggested that a man whose time has been set out under the bonus system, if a crane was not in operation and he could not get to it in his work he would be delayed. Would that system at all contemplate giving the man credit for anything of that kind, if he was delayed a certain number of minutes? Would he have a right to go to the foreman and say, "Here, I have made no bonus this day, because at such and such a time the crane was in use and I did not get the benefit of it"?

Mr. S. E. THOMPSON. I have a memorandum on that point, and I am glad you spoke of it. If a delay of that kind is long, he has the privilege of having day work during that period; that is, his task stops just with the delay, and would be taken up when the delay is gotten out of the way. If it is something that comes constantly, it is allowed for in some way, so that it will not affect his pay. A man can not be docked—well, I didn't mean to use that word, because it is not that at all—a man can not lose his bonus or his premium properly for causes that are not his own.

Commissioner BALLARD. It would be like the clock on a taxicab—it will register when the machine is not going?

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. Mr. Thompson, you recognize our difficulty in getting a definition of scientific management. It would seem we need some definition. I would like to try this on you: As I understand, you have adopted the word "scientific" in order that you may possibly include all systems that you choose to pass upon as coming within a certain standard. Is it merely to

make the public feel that you have some superiority? We are coming to a time when we call one kind of religion "Christian Science," but it does not make that religion effectually different from Mormonism or Theosophy. The question is, can we get some other word besides "scientific" that will not carry with it an implication that it is something superior, that ordinary people can not understand it, but that it requires experts to understand it? Can we define "scientific management" according to something that we actually mean? As I take it, gathered from all that has been said, it does not apply to any method or any doctrine, but it does mean that whatever you do you establish some way or method of accurate measurement. Is there any principle in scientific management that we can reduce it to so it means what you actually intend by it? Is it to substitute in all things some method of accurate measurement as against rule of thumb or tradition, or must we have something else besides that? I take it from the fact that the science I am supposed to teach, political economy, is often charged by mathematicians with not being any science at all, that it is simply a policy. I have been trying to get a definition that will rank me in the line of scientist. I think the definition is largely whether we apply accurate systems of measurement to the subject matter we are investigating. Possibly, if you do not care to work it out, it would be well for Mr. Delano to submit to you the definition he has proposed, and see if we can reach something more definite. Do you care to try to answer that question now?

MR. S. E. THOMPSON. I think I might prefer to have the question submitted.

MR. REPORTER, will you read, please, that first paragraph of Prof. Commons's question? I am not quite sure that I agree with his premises there. That is the point.

THE REPORTER (reading):

"As I understand you have adopted the word 'scientific' in order that you may possibly include all systems that you choose to pass upon as coming within a certain standard. Is it merely to make the public feel that you have some superiority?"

MR. S. E. THOMPSON. I do not know that I have any definite criticism of that. I think you mean the question in the way that I would answer it. I would say briefly that the position you take is, it seems to me, one of the chief principles—accurate measurement. I would prefer to look over the definition further before submitting a definite answer.

Commissioner COMMONS. Could we substitute some word for "scientific management" that would tell us what we really have?

MR. S. E. THOMPSON. There is just one point on that: That matter has been pretty thoroughly considered, and I question very much whether you can substitute any other term which better expresses just exactly what it is, whether this "accurate measurement" is not just that scientific principle.

Commissioner COMMONS. You spoke as though you would like to have the workman select the time-study man. Do you remember you said that? You said that you could not very well operate with two time-study men, one representing the employer and one representing the workman. You have dealt largely, I judge, with establishments that have already organized labor—that is, carpenters—and have made studies where they have organized labor?

MR. S. E. THOMPSON. In part organized and in part unorganized.

Commissioner COMMONS. Is there any way by which a union already organized could propose to you a member of their union or a representative whom you would approve as a time-study man?

MR. S. E. THOMPSON. I would be ready to take a time-study man from anywhere, provided he has the proper ability. For instance, I noted down here some of the requirements of a good time-study man:

First. He must have an analytical turn of mind.

Second. He must have the ability to think in terms of small units.

Third. He must have studiousness; he must be studious.

Fourth. He must have quickness and accuracy in mathematics.

Fifth. He must have good judgment.

Sixth. He must have tact.

If you can get that man from any source whatever, who is ready to take this time study and do it by scientific methods, I do not care very much where he comes from. But there must be the requirement, not that he comes from any one body of men, not that he comes from the employer or the labor union or anybody else, but that he has the proper qualifications.

Commissioner COMMONS. That is all.

928 REPORT OF COMMISSION ON INDUSTRIAL RELATIONS.

The ACTING CHAIRMAN. We will resume the hearing at 2 o'clock this afternoon.

(Whereupon, at 1 o'clock p. m., the commission took a recess until 2 o'clock p. m.)

AFTER RECESS—2 P. M.

The ACTING CHAIRMAN (Commissioner Delano). The meeting will please come to order. Mr. Garretson, have you any questions?

TESTIMONY OF MR. SANFORD E. THOMPSON—Continued.

Commissioner GARRETSON. There are one or two questions I would like to ask, Mr. Chairman, just as a matter of information. While making up the time estimate of a man putting up the cornice or molding, I want to ask, does the man under those conditions work from a ladder or a staging? I notice that no time allowance was given governing either.

Mr. S. E. THOMPSON. He works from a staging.

Commissioner GARRETSON. Under those conditions, is that built by the laborer or the carpenter?

Mr. S. E. THOMPSON. In general, by the laborer, I should say.

Commissioner GARRETSON. Does the task and bonus or premium system, either one, contain within itself every element that enters into the piecework system, with more or less addition, as the case might be, every basic element that is embodied in the piecework system is embodied in all or any of these systems that are described by those two general names?

Mr. S. E. THOMPSON. I do not think I can answer so broad a question as that, not without giving considerable study to it.

Commissioner GARRETSON. Can you, then, name offhand any element that enters into the ordinary piecework plan that is not embodied in each of the others, with, as I have stated, more or less addition, bearing in mind that piecework itself is a very simple plan?

Mr. S. E. THOMPSON. In some of the systems I should say that the principles of the ordinary piecework system are included.

Commissioner GARRETSON. That is what I meant.

Mr. S. E. THOMPSON. As one of the features, but only as one, and not a fundamental.

Commissioner GARRETSON. Whether fundamental or otherwise, the real ideal of piecework is embodied in either one or the other, is it not, whether it is basic in them or not?

Mr. S. E. THOMPSON. I should like to ask you what you mean by the real ideal of piecework?

Commissioner GARRETSON. For a given performance to give some overpay, or a given amount of production, to use the phrase that has been used here largely.

Mr. S. E. THOMPSON. Yes.

Commissioner GARRETSON. If the same time system, or time allowance, secured by any means, stop watch or otherwise, was applied to the piecework system—that is, applied to these other systems that I have referred to—would it not work out exactly the same result, minus bonus or premium?

Mr. S. E. THOMPSON. In that question am I to understand that you think the bonus or premium is not included in the piece-rate system?

Commissioner GARRETSON. In the piece-rate system that is indirect; that is all. In the premium or bonus systems it is direct.

Mr. S. E. THOMPSON. In a properly applied piece-rate system you get the bonus or premium another way.

Commissioner GARRETSON. Surely you get it by day work, not by the ordinary piece-rate system?

Mr. S. E. THOMPSON. Yes.

Commissioner GARRETSON. You get it in another manner, in which the piecework is not essentially in evidence in producing the work, but would not the result in the earnings be exactly the same?

Mr. S. E. THOMPSON. I do not understand what you mean by exactly the same; exactly the same amount or exactly the same principle?

Commissioner GARRETSON. In amount, with the same time allowances and the same rate for allowance for the work; in other words, by the bonus system you get it by the payment of so much time and in the other you get it by the payment of so much flat sum.

Mr. S. E. THOMPSON. In certain forms of payment by bonus you would have exactly the same result.

Commissioner GARRETSON. Producing the same pay. For instance, a man bringing out locomotive cylinders in a machine shop, if he was allowed the same time under the piecework system that was equivalent to the money he was paid under the other system, the result would be the same amount of pay on the same turnout?

Mr. S. E. THOMPSON. On the other hand, as I said this morning, your commission should, I think, not spend too much time on differentiating between different methods of payment as to getting at the real basic principle. Now, if you get at the thing, the rate of payment, scientifically, on a scientific basis, and you base your piecework system on that scientific basis—the Link Belt, for instance, have a piece-rate system; and if you do that on this scientific basis, I would say that that piece rate was on scientific management, one form of scientific method.

Commissioner GARRETSON. My questions have no personal bias because I represent pieceworkers; are you aware of that. My men are pieceworkers.

Mr. S. E. THOMPSON. Yes.

Commissioner GARRETSON. But you talk about this being a detail; the larger portion of the exponents have condemned piecework as producing a vicious result, and lauded the other system as bringing a highly beneficial one. What guaranty is there that all the evils of the piecework system do not exist in the premium or bonus system?

Mr. S. E. THOMPSON. One of the chief evils, the fundamental evil in the ordinary piecework, is the fact that the rates are set by guess instead of scientifically. Now, if you have a piecework system and set the rates by scientific principles, then you have an entirely different proposition from ordinary piecework.

Commissioner GARRETSON. How can a scientific idea have anything to do with a day's wage and the rate paid therefor? How will you determine the basic day wage or the basic hourly rate scientifically?

Mr. S. E. THOMPSON. Your basic hourly rate does not come into your piecework.

Commissioner GARRETSON. It will come into the day's earnings and proportionally into the task and bonus or premium.

Mr. S. E. THOMPSON. Indirectly, yes.

Commissioner GARRETSON. And is not the day's wage the basis for an estimate of the piecework rate?

Mr. S. E. THOMPSON. Yes.

Commissioner GARRETSON. Now, surely scientifically, how can you get away from it?

Mr. S. E. THOMPSON. Get away from what?

Commissioner GARRETSON. The daily wage, or the basic wage.

Mr. S. E. THOMPSON. I do not want to get away from it.

Commissioner GARRETSON. And how can you scientifically fix the daily wage?

Mr. S. E. THOMPSON. I do not know yet of any way of scientifically fixing the base rate; that is, scientifically in the sense in which we are using it in general; it is more or less standardized, using standardization in an unscientific way by saying your base rate must be substantially the same as the base rate of wage, as in other establishments in the same locality, usually a little higher than the average wage.

Mr. THOMPSON. The term locality would not come in to such a great extent. I am not sure about that. I am not familiar enough with your conditions.

Commissioner GARRETSON. Train operation.

Mr. S. E. THOMPSON. Whether a man in the Southern States, where conditions are different, would have a different day's wage than those in the Northern States?

Commissioner GARRETSON. Take it the continent over, there is only 18 cents on a day's rate; it is \$1 in the East and \$1.17 in the West, and there is a variation yet. You notice I say that it has diminished?

Mr. S. E. THOMPSON. Yes, on construction work; it worked in the South a great many years ago, when we paid our negroes a dollar a day and the prevailing rate was 80 cents.

Commissioner GARRETSON. The word "locality" would apply entirely differently to a problem like mine, as compared with a shop which had only one location in a city?

Mr. S. E. THOMPSON. Yes.

Commissioner GARRETSON. Now, where would you find a scientific base for one that would apply to the other?

Mr. S. E. THOMPSON. That is the same problem, and I have never run up against it, and I do not feel that I have given it sufficient study to answer your question.

Commissioner GARRETSON. You lean somewhat to the belief that it would need some two or three years looking over before you could furnish the remedy?

Mr. S. E. THOMPSON. I am inclined to think it would take considerable study.

Commissioner GARRETSON. I do not mind confiding—this is under the rose—that I have been wrestling with it for 30 years and have not found the answer yet, although I have sweated, but I have not got it yet. Now, you made a statement a little while ago—I believe I could probably quote the exact language of it, although the copy is probably gone where we can not read it—that a good manager likes to pay high wages. Is that fairly correct? I think those are the exact words that were used.

Mr. S. E. THOMPSON. I think that is about what I said.

Commissioner GARRETSON. That conveys the idea?

Mr. S. E. THOMPSON. Yes.

Commissioner GARRETSON. How long have you dealt with employers on the wage proposition?

Mr. S. E. THOMPSON. Oh, for nearly 30 years, probably.

Commissioner GARRETSON. Does the average manager stop at liking to, or does he go further and pay them?

Mr. S. E. THOMPSON. I stated that principle not as a scientific fact, but as my opinion, and I still uphold that opinion. That opinion is based on conversations with a great many manufacturers and other employers of labor, and my experience with them; for example, I cited this place in North Carolina, where they paid the negroes \$1 a day in place of 80 cents. Now, that was not philanthropic; it was simply in order to get the best labor on that job, and they did get the best labor in North Carolina.

Commissioner GARRETSON. And to get them to work uninterruptedly?

Mr. S. E. THOMPSON. Yes.

Commissioner GARRETSON. There was an incentive. It was not for love of paying a high wage, but to attain an object, was it not?

Mr. S. E. THOMPSON. Yes.

Commissioner GARRETSON. I am glad you did not state this as a scientific fact, for I would have to lay down 30 years' experience against it, and we would have been down to the stage of two timekeepers running two stop watches at the same time. Bear in mind mine is the outgrowth of that many years' experience for large armies of men. I believe, like you, that the average manager likes to pay high wages, but he is not working at it.

Mr. S. E. THOMPSON. Do you make that statement from the standpoint of the railroads only or from your knowledge and experience and conversation with manufacturers and other employers of labor?

Commissioner GARRETSON. I would answer that in two ways—I make it absolutely upon my own experience with the contracting offices of the railway companies in one direction and upon second-hand knowledge in the other direction.

That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Weinstock, have you any questions?

Commissioner WEINSTOCK. You will have noticed, Mr. Thompson, there seems to be some very pronounced conflict between the representatives of organized labor on the one hand and the advocates of scientific management on the other hand on two points: First, a conflict concerning the feeling of the men who are working under scientific management. On the one hand we have heard the statement reiterated on the part of consulting engineers and scientific managers that the men generally working under the system like it and that they fight for it rather than against it.

On the other hand you have doubtless heard, in common with the commission, representatives of organized labor saying that the men protest against it and object to it and operate under it not from choice, but because they are obliged to do so.

At the best those things are opinions. This commission does not want to deal with opinions where facts are available. Can you suggest to this commission any scientific way of getting at the facts in that pronounced difference of opinion?

Mr. S. E. THOMPSON. Before I reply further I want to give one illustration that may have a little bearing on the disagreement. Whether it will have a bearing on the main question I am not sure.

About two years ago Mr. Lickner, my associate, set a task on a certain machine in a shop. It was the only task that had been set in that shop, and there was no other task set for nearly two years. When he set that task the man who was on this machine, a man who was working alone, was opposed to it. He did everything in his power to prevent Mr. Lickner getting all the information that he wanted to, aside from any open objection. It was perhaps the only case we ever had where there has been even as much opposition as that, although I would hardly call it by the name of "opposition" even there. But he did not take kindly, we might say, to doing everything Mr. Lickner asked him to do.

This spring Mr. Lickner happened to do some work in that same shop on some other machines which were something similar to this one I speak of. In doing that he had occasion to go down and take some studies on this same man who had been working for two years on task and bonus. This, by the way, was heavy work, handling heavy stuff, putting it on the machine, that really required a very muscular, strong man, and he had been doing this work for two years. The change in the man's attitude was very marked. Instead of doing things grudgingly, as he did before, he tumbled over himself, you might say, to do everything Mr. Lickner asked him to do, and even made suggestions as to ways of doing things better.

There is a question whether this does not have some bearing on the point you make—whether all the objections there are may come from the men who are just beginning to appreciate the thing and who are not on task and bonus themselves, and the other side of the question may come from the men in these particular shops referred to. I would not put that for a general proposition, because that has not been my experience, as I have said. But when the men do get used to it or when it is properly explained to them they immediately see the benefits and there is absolutely no objection whatever.

Commissioner WEINSTOCK. The point has been made, Mr. Thompson, and made this very morning, as you may recall, by Mr. Berres, that the objection comes from men who have been working under the system for two and one-half years in the Government shops. Two and one-half years is certainly a sufficiently long period for the men to be able to appreciate all its advantages and all its objections. As you will recall, Mr. Berres said they had protests from the men employed in the Government plants against the system.

Mr. S. E. THOMPSON. That, of course, was the statement made this morning. Of course it is a point which your commission will investigate here, to determine upon what that statement was based. I will admit, of course, that this has been the criticism that has been made at this hearing on that plant and one other plant. Your problem is to find a way to get at the truth of the matter, as to whether these objections are real objections, or whether they come from some men who are not on task and bonus at all, or from one or two men who are disgruntled, or from men who have for some other reason made the statement.

Commissioner WEINSTOCK. Do you think it would be a fair way, if it is practicable—there may be objections that do not occur to me—to go to a plant such as the Watertown plant and take a referendum in the nature of a secret ballot?

Mr. S. E. THOMPSON. I question very much whether you would get a fair expression of opinion, even in a secret ballot.

Commissioner WEINSTOCK. What should prevent getting a fair expression of opinion in a secret ballot?

Mr. S. E. THOMPSON. While I appreciate that the statements that have been made on this stand of the ability of the workingman to see through a good many questions, I am not sure but what he would be influenced, either one way or the other, to give an opinion that would be really contrary to what he actually felt—that is, for the good of the cause, you might say. He might have the opinion that it was for the good of his cause; it might be impressed upon him that it was for the good of his cause, if not for his own good. He might feel perfectly favorable toward it himself, but he might feel it was for the good of his cause to give expression the other way.

Commissioner WEINSTOCK. You mean he might be willing to sacrifice self-interest for the common good, or what he believed to be the common good?

Mr. S. E. THOMPSON. What he believed to be the common good. That is what you would find. You want the man's personal opinion.

Commissioner WEINSTOCK. Is there any other way, any other conceivable way, you can determine that?

Mr. S. E. THOMPSON. The question is, whether you could go into a shop as individuals and talk with the men without their knowing just what you represent. That, of course, would be questionable.

Commissioner WEINSTOCK. That is a problem that is coming to face this commission, if it is to decide the thing intelligently. My friend Mr. Garretson suggests the question whether you believe there are enough martyrs who are willing to sacrifice themselves to change what would otherwise be the result.

Commissioner GARRETSON. Not necessarily "Christian martyrs."

Mr. S. E. THOMPSON. As I say—and I still say—I question very much whether you would get a correct view, as you would if you could find some way of talking with the individual men, either in the shop or out, and finding out right from him, getting not necessarily what he says or the expressions he uses, but his real feeling in the matter.

Commissioner WEINSTOCK. That would not be a scientific method. If I undertook to do that personally I might bump into 12 or 15 men who happened to have the same point of view, and it would not represent the majority. I might happen to interview a dozen men who were all opposed to it, and yet all the rest might favor it, and on the other hand I might interview a dozen who favored it and all the rest might oppose it. It seems to me that the scientific method would be to get the complete report.

Mr. S. E. THOMPSON. On the question of averages, if you selected at random a sufficient number, you would get a pretty good result of the whole.

Commissioner WEINSTOCK. The same issue has been raised regarding the physical effect upon the men. Can you suggest any plan whereby we could determine that as a fact, and not be obliged to deal with it purely as conflicting opinions?

Mr. S. E. THOMPSON. No; I can not, unless you can find some such record as Mr. Dodge brought here, of the notebook of a man, which gave his weights and his health at different periods, and unless you can find the records of establishments where the task work has been in use for some time, where they have not fallen down on the tasks. That is pretty good evidence. If you can find some shops or some managers, who have kept records of the tasks that have been performed over a long period of time, that is pretty good evidence.

Now, the way it will work, if the health of a man is falling or he is overworked, is that he will tend to drop down on his tasks. He will run along for a little with the tasks up to the limit, and then he will begin to fall off, after a certain period. It seems to me that that would be a way of getting at it that might give very definite facts.

Commissioner WEINSTOCK. In other words, we would have to depend upon shop records, if there are any such records available?

Mr. S. E. THOMPSON. Yes. No; I would say that would be one very important way of doing it.

Commissioner WEINSTOCK. Do you know of any other way that might be suggested?

Mr. S. E. THOMPSON. I do not think of any at the present time.

Commissioner WEINSTOCK. Can you tell the commission whether the determination of the daily wage is arrived at in any different manner under scientific management than it is where scientific management does not prevail?

Mr. S. E. THOMPSON. No; except where scientific management prevails there is apt to be more attention and study given to that point. For example, in certain establishments they have a certain particular man who hires all the men, who has to do with the discharging and any disciplining that comes up. Now, he can size up the men who come to him and get a better basis and a more equitable wage than under the ordinary method.

Commissioner WEINSTOCK. How many plants are you familiar with where that system is in operation; that is, plants where you know of the conditions, and are familiar with them?

Mr. S. E. THOMPSON. From a personal knowledge, I do not know that I could say over a dozen, anyway.

Commissioner WEINSTOCK. Aggregating how many employees, about?

Mr. S. E. THOMPSON. Possibly under 10,000.

Commissioner WEINSTOCK. About 10,000?

Mr. S. E. THOMPSON. Yes, sir.

Commissioner WEINSTOCK. Under those dozen shops what proportion, if any, fix the wage by individual bargaining, making an agreement with each individual man, regardless of what the others may get?

Mr. S. E. THOMPSON. That I could not say. In mentioning this number, I am not intimately enough familiar with that department of the question to make a statement. In certain of the shops there are unions, and the rates are the base rates of the union rates or sometimes above the union rates.

Commissioner WEINSTOCK. You are not, then, in a position to answer that question?

Mr. S. E. THOMPSON. Not in a way that would be of advantage to you.

Commissioner WEINSTOCK. What evils in the piecework system does the time and bonus system overcome?

Mr. S. E. THOMPSON. One of the great evils that it overcomes is this constant friction and fight between the men and the management as to the piece rates. The ordinary method of fixing piece rates is for the superintendent and the foreman to get together and decide on how many pieces a man ought to turn out a day, and fix the rate on that basis. After he has worked on for a little while, if he exceeds the number of pieces to a larger degree than the managers consider is fair, or to a degree that produces enough to give him a very high wage, they cut the rate. Now, after one or two cuts of that kind the employee very properly fixes a certain rate that he will work under, and he accomplishes that particular rate day after day. It may be a fair rate; it may not be a fair rate. Occasionally some one will come and speed up on that particular job, and then the rate will be cut again. There is that continual friction. The men are not trying to do a good job, they are not trying to do a fair day's work. It affects them from a moral standpoint, and that, I should say, was the principal objection to the ordinary piece rate; except that that is a tendency to overspeed in certain cases, especially when the task is fixed too severe.

Commissioner WEINSTOCK. When you come to me as an employer, as for example, as a consulting engineer introducing a system, in all likelihood you would say to me after the bonus had been established, "My advice to you, is, do not cut this bonus."

Mr. S. E. THOMPSON. Decidedly.

Commissioner WEINSTOCK. Despite the fact that the men seem to be earning abnormal wages?

Mr. S. E. THOMPSON. Yes.

Commissioner WEINSTOCK. That would be your advice and counsel to me?

Mr. S. E. THOMPSON. Yes.

Commissioner WEINSTOCK. But would there be anything to prevent me, despite your advice and counsel, from cutting the bonus?

Mr. S. E. THOMPSON. The great objection, the great consideration which would prevent the cutting, would be that it would disorganize the shop and create friction between the men and the management. Just as soon as you began to fix new rates they would soldier and use every way possible to prevent your getting a fair rate on it, and would destroy one of the principal functions of scientific management. In other words, you would have unscientific management, because that is one of the fundamental principles.

Commissioner WEINSTOCK. Well, granting that that would be so, it would not be any more so than when you cut the price in piecework? Does not the same law apply to both systems? That is, if you will not cut the price of piecework, but let men work at their full capacity and earn whatever they can earn, however abnormal it might seem, you have the satisfaction and contentment. On the other hand, if you cut the bonus down, you have the same dissatisfaction as if you cut the price on piecework? It is the same law operating in both systems?

Mr. S. E. THOMPSON. No; because when you cut the piece price, as I have mentioned, it is almost invariably because it was set too high, and the men can readily do the amount and earn a fair day's wage even after the price is cut. Now, if your rates are scientifically fixed, be it piecework or taskwork or bonus, then if you cut them, a man has to do an extra good day's work for ordinary pay, and you can not compel a man to do an extra good day's work for an ordinary day's pay. It is against human nature.

Commissioner WEINSTOCK. I see. That is, under the piecework system there is liable to be water in the price, and when you attempt to squeeze out that water you have difficulty. Under the bonus system the price has been arrived at so scientifically that there is no water to be squeezed out?

Mr. S. E. THOMPSON. Yes; assuming that by the piecework system you mean the ordinary piecework.

Commissioner WEINSTOCK. Yes. May I ask whether you have confined your endeavors to scientific management, or whether you have familiarized yourself with labor conditions generally as an economist and as a sociologist?

Mr. S. E. THOMPSON. No; I have not gone into that side of it at all, except indirectly.

Commissioner WEINSTOCK. Have you studied the problem as to how to create a more cordial and more friendly feeling between capital and labor, and establish better general relations?

Mr. S. E. THOMPSON. No; I have not studied that problem. I find that it works automatically, you might say, when you carry out the system properly.

Commissioner WEINSTOCK. You may have been here the other day when Mr. Williams was on the stand. Do you remember his testimony?

The ACTING CHAIRMAN (Commissioner Delano). No; that was last week.

Mr. S. E. THOMPSON. No; I was not here.

Commissioner WEINSTOCK. The question was put to Mr. Williams as to what he regarded as the missing link between capital and labor, and he being a mediator and arbitrator said, "I am the missing link." I assume if that question was put to you you would say this system was the missing link?

Mr. S. E. THOMPSON. I am afraid I am not enough of an economist to answer that question.

Commissioner WEINSTOCK. Then you do not know what the missing link is?

Mr. S. E. THOMPSON. I would say that scientific principles go a long way toward smoothing over difficulties.

Commissioner WEINSTOCK. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Lennon, have you any questions?

Commissioner LENNON. I have just one question, which might lead to another one. If in this job you speak of here the time is set at an hour and a half or an hour and 18 minutes, and it is completed within that time, you would pay 80 per cent more than the basic wage; was that it?

Mr. S. E. THOMPSON. Yes, sir.

Commissioner LENNON. If it is done in very considerably less than an hour and 18 minutes, why is there an additional bonus given; that is, in addition to the 80 per cent?

Mr. S. E. THOMPSON. That is no more than fair to the man. If he does an exceptional day's work there is no reason why he should not have an increase in pay.

Commissioner LENNON. And that is not done with the idea of speeding the men up?

Mr. S. E. THOMPSON. No. A man is expected to do just about his task. As a matter of fact, they do that. I have some figures here on some work, showing the comparisons, taken from an actual job. These figures are on different operations; different numbers of pieces. We have here: Actual time, 5 hours and 12 minutes; figured time, 5 hours 34 minutes. There is a difference of 22 minutes. Here is another one, actual time 2 hours and 42 minutes; figured time, 2 hours and 45 minutes.

Actual time, 1 hour and 15 minutes; figured time, 1 hour and 4 minutes.

Actual time, 2 hours; figured time, 2 hours and 5 minutes.

Actual time, 56 minutes; figured time, 54 minutes.

This is taken from a letter written on July 25, 1912.

Commissioner LENNON. That is sufficient. No—just one other question.

If this hour and 18 minutes is reached as a fair basis for a man to do that work, in the interest of humanity is it advisable to either offer a bonus or anything else to promote his doing it in three-quarters of an hour?

Mr. S. E. THOMPSON. If you had men who are identical in capacity and muscle and intellect, that would be the case; you could fix a task and say that they should do it in just that time, and no more and no less; but if you have a man who is especially adapted to the work—better than the rest of the men in that particular job—and it is possible for them to do it in a shorter time with very little exertion, he should be permitted to do it, just as you and I are permitted to do a big day's work if we feel like it, and we do it.

Commissioner LENNON. That is all.

The ACTING CHAIRMAN. Mr. Commons wants to ask you one or two questions.

Commissioner COMMONS. I understood you in answering Mr. Weinstock, or Mr. Garretson possibly, to say that the wage basis is a matter which can not be scientifically ascertained as yet; that there is no method worked out that

ascertains scientifically the wage basis. That is to say, whether a man should start in, say, at \$3 a day or \$2 a day.

Now, take the vicinity, and take the best judgment of what the current base rate should be.

• Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. You think that should be worked out more scientifically?

Mr. S. E. THOMPSON. Yes; I think it will be worked out more scientifically some time.

Commissioner COMMONS. So that in that case the employment office of the establishment should have a functional man for hiring people, you think?

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. And then he has full power to determine the wage base for each man that he takes on?

Mr. S. E. THOMPSON. No; the man who is hired has an equal or greater say.

Commissioner COMMONS. Take in a case like this: I know an establishment, and you probably know the same, where girls are employed, and the record has been that the girls make about 20 per cent premium or bonus. That is, if they are hired at 12 cents an hour, they ordinarily, on the average, will make 24 or 3 cents additional per hour under the premium or bonus system, and that brings it up to 15 cents, we will say.

Now, the employment office always uses that—and this is the result of my interview with a certain employment man in a very large establishment—he says that that is a good talking point. He says, "If I am making an employment for a girl I would say to her, 'Now, if we take you on at 7 cents, we have a bonus system here by which you will be able to make 15 cents.'" Now, he says that is a good talking point, and that she would just as soon go on at 11 cents and make this bonus, and that would still bring her up above her 12 cents. Or she might go on at 10 cents, and by making a 20 per cent premium, she would come out at 12 cents.

Now, is it not a matter of fact that this functional foreman, the great advantage which he has to a large firm, he being a specialist in the labor market, he knows how to deal with these thousands of people that are at the gates—is it not a matter of fact that he will use this bonus or premium as a talking point to reduce the wage base? Have you had experience or knowledge of that being done?

Mr. S. E. THOMPSON. No; I have never had any experience or knowledge, or heard of that being done before. In a way, of course, at the same time, if he gave that girl to understand that in order to earn that high rate she had to do a great deal more work, there would not be exactly justification for that, but it would not be especially objectionable if he told her all the facts. If he made it simply as an inducement, without stating the other side of it, I would say he is hiring her under false pretenses.

Commissioner COMMONS. No; he is an honorable man. I have spent some time in making his acquaintance. He simply employs some 20,000 people or so a year, and he explained the whole system to me very fully. He hires several thousands of girls, and he says he always tells them that this system was based on 12 cents or 10 cents, and "You are supposed to get out a certain amount." He explains it very fully to them; there is no question about that. I suppose he takes but a short time to explain it, there are so many, but they all go in on that basis.

Now, how can you make that man or that employment office or that functional position there scientific? What is there in the science of management by which you can standardize that man and he could not be prevented from using this premium as a talking point to reduce the wage base?

Mr. S. E. THOMPSON. As I say, I have not given that point consideration.

Commissioner COMMONS. One point of your function, then, would be to educate him and train him?

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. And get him into this new spirit?

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. So that it is likely that the wage base may be jockeyed with in this way. I know that it is by observation and from opinion.

Now, as to the other question, with reference to the question that Mr. Weinstock asked you—

Mr. S. E. THOMPSON. Just one point on that: In a properly managed shop, even if that did take place, after that girl got into the shop, if she was ———

more than that base rate at which she was hired, she would be changed over to some other shop which gave her the benefit of a higher rate.

Commissioner COMMONS. Would the scientific system automatically change her over without judgment or discretion on the part of the individual who had the authority to make the change?

Mr. S. E. THOMPSON. Perhaps not absolutely automatically.

Commissioner COMMONS. In order to be scientific, you have got to cut out human judgment and human will and human discretion in this matter, if I understand what is meant by "scientific." But what I am trying to get at is whether it is to be absolutely automatic.

Mr. S. E. THOMPSON. It would be automatic in this way, that the records of the girl would be kept, and when they wanted a girl for another position they would go to the records and find the best girl to put in that place. They would have the information to base their judgment on, instead of its being a haphazard method, at the will or favoritism of the foreman.

Commissioner COMMONS. In this establishment to which I refer they have a very complete system of individual cards, so I presume they utilize that system.

As regards the other subject that Mr. Weinstock suggested, regarding the cutting of the bonus, as I understand the bonus in the illustration given us, if he comes up to the standard time the bonus is 30 per cent, and you answered that you would advise him not to cut the bonus, that it would be unscientific to cut the bonus. I do not know that I need to follow that question out, because I think it is perfectly plain what would happen in times of great improvement. I think perhaps if you would take such a business as the steel industry, and suppose they had this system in effect 20 years ago, that the enormous improvements which have been made would inevitably cause them to make some new time studies, and they would have to bring both the base and the bonus down.

Mr. S. E. THOMPSON. No; they would not bring the bonus down.

Commissioner COMMONS. They could bring simply the base down?

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. By bringing the bonus down they could save 30 per cent, and that is all they could save?

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. That is the maximum?

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. But this task system has been figured out upon the man turning out a certain number of pieces in a day's time—we will say in 10 hours.

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. We will say the task has been figured out on 100 pieces in 10 hours. It seems to me quite plain that the employer would not cut the wage base \$3 a day. He would not get much advantage there; nor would he get much advantage in cutting the bonus, or at least a very small advantage. But where he would get his advantage would be when he finds that this man is making a large sum of money, that in the next shop order that went out to that man, instead of having 100 pieces he might have 500 pieces as a task. I know a case where something quite similar to that happened in a very large establishment having 5,000 employees. The orders did not come out as an order for one piece, but they came out in bunches of 100 pieces: "Finish 100 pieces at this rate." This man got up to \$7 or \$8 a day. He was an ordinary, common laborer. The next order came to him just double the number of pieces in that task. Naturally that might accomplish three or four times as much as could have been accomplished by reducing his daily rate. He started in at \$2, we will say. He would have gone on a strike if they had cut the \$2 down to \$1.50, or if they had cut the bonus from 30 per cent down to 15 per cent. But in this rather subtle way that he could not quite comprehend they simply doubled the task on him, and there they actually reduced the rate one-half.

What is there, automatically or scientifically, without the judgment of the boss, that would prevent that increase of the task?

Mr. S. E. THOMPSON. In the first place, I do not quite agree with you on this being a subtle increase. I think it is perfectly surprising how a workman in a factory can figure out just what is coming to him. Sometimes you would think it took higher mathematics to do it, but they can do it, and I do not believe this man was fooled by that plan any more than if you cut his wage right on top of his bonus. Of course, occasionally the fixing of a rate might involve the making of a mistake, so a man will earn too much; that mistake

may happen. About the only way is to keep on paying the man the high rate. I know a great many employers will do that. In certain cases where there is a change in the method—suppose, for instance, that is done by machinery and that increase is accomplished by changing the machine; that is a different proposition. The man is not entitled to that raise if it is simply a change in the machine, which does not make him any extra work.

Commissioner COMMONS. I am not counting that into these three instances. I am assuming the first rate can be fixed right, but I am trying to find out, after that has been fixed, whether there are not really three points there that are left to discretion and not to scientific determination—that is, the wage base, the bonus, and the amount of the task—and what there is in the system to prevent these three things being changed.

Mr. S. E. THOMPSON. In the case you name, it shows right on the face of it that the task was not properly set in the first place, and I suppose you acknowledge that and simply say in this particular case the man made a mistake. That rarely occurs where you have the proper task setter, but I will admit that every one is liable to make mistakes. There is no reason why that should be cut, even then. It is usually better to just keep on paying it. If it is cut, the way to do it would be to go to this man and take it up with him and put it up to him as to whether it was a fair thing to do or not. It is a general principle not to cut a rate, even if it does run away with you.

Commissioner COMMONS. That is a principle, a moral principle, we might say, and not an automatic principle; not what I would call something that you can fix and set in a chart, because it means simply the change of the chart, and there is still left there some discretion.

Mr. S. E. THOMPSON. The plan that I usually use in fixing rates would not permit of that increase, and so I would prefer not to answer that question any more definitely, because I do not feel I am competent to do it. It is something I have not come across.

Commissioner COMMONS. I certainly think you are right in stating that these instances I have given were not based on accurate time study. I know, as a matter of fact, they were not, so that my inferences can not be raised as an objection to accurate time study, if that can be made—that is, the man would not have been making such a large bonus. I do not think, however, it would meet the other point; that it can be used as a talking point in getting them to consent to come in on a lower wage basis.

But, granting that, and taking it up under the scientific system, where it is actually measured by time, and we do get it automatically as near as possible, is it not a fact that there is no industry as yet in which scientific management exists in all of the competing establishments?

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. In what industry would you think it has spread to the largest extent? Has it covered 10 per cent of all the output of any particular industry?

Mr. S. E. THOMPSON. I do not think there is any industry where it would cover anything like 10 per cent.

Commissioner COMMONS. Then we will say the best we have now is the industry in which 10 per cent of the establishments have scientific management, and 90 per cent do not—all being competitors producing the same article.

The 10 per cent would be, as I think Mr. Dodge illustrated very well the other day, able to keep steady employment for their people and to make a larger profit, or at least to get a good, fair profit, because he can undersell his competitors. That is what scientific management has done for him. It has enabled him to undersell his competitors.

Suppose we gradually extend this scientific management to his competitors and gradually reach the point where there will be a number of competitors who do not adopt scientific management, who will drop out and go into bankruptcy. The others that protect themselves against him will have to adopt scientific management. They will all finally reach the point when the only people in the industry are those who have scientific management. Then we will have a situation, not of Mr. Dodge underselling people who do not have scientific management, but of scientific-management competitors underselling each other.

In order to do that successfully—and I am assuming they do not form a trust—their profits will have to be coming down. This 12 per cent will go on down to 10 and 9 and 5 and 4, and when it gets down to about 3 per cent they will have to look for some other source in order to undersell their competitors. What other source can there be, except either the bonus to the workmen or

more than that base rate at which she was hired, she would be changed over to some other shop which gave her the benefit of a higher rate.

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Commissioner COMMONS. But this task system has been figured out upon the man turning out a certain number of pieces in a day's time—we will say in 10 hours.

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. We will say the task has been figured out on 100 pieces in 10 hours. It seems to me quite plain that the employer would not cut the wage base \$3 a day. He would not get much advantage there; nor would he get much advantage in cutting the bonus, or at least a very small advantage. But where he would get his advantage would be when he finds that this man is making a large sum of money, that in the next shop order that went out to that man, instead of having 100 pieces he might have 500 pieces as a task. I know a case where something quite similar to that happened in a very large establishment having 5,000 employees. The orders did not come out as an order for one piece, but they came out in bunches of 100 pieces: "Finish 100 pieces at this rate." This man got up to \$7 or \$8 a day. He was an ordinary, common laborer. The next order came to him just double the number of pieces in that task. Naturally that might accomplish three or four times as much as could have been accomplished by reducing his daily rate. He started in at \$2, we will say. He would have gone on a strike if they had cut the \$2 down to \$1.50, or if they had cut the bonus from 30 per cent down to 15 per cent. But in this rather subtle way that he could not quite comprehend they simply doubled the task on him, and there they actually reduced the rate one-half.

What is there, automatically or scientifically, without the judgment of the boss, that would prevent that increase of the task?

Mr. S. E. THOMPSON. In the first place, I do not quite agree with you on this being a subtle increase. I think it is perfectly surprising how a workman in a factory can figure out just what is coming to him. Sometimes you would think it took higher mathematics to do it, but they can do it, and I do not believe this man was fooled by that plan any more than if you cut his wage right on top of his bonus. Of course, occasionally the fixing of a rate might involve the making of a mistake, so a man will earn too much; that mistake

will be forced to organize in order to prevent that; now, that will come when the scientific management is diffused enough through the industry to cut into the profits of the employer?

Mr. S. E. THOMPSON. I would not say that it would, but I will say that it might.

Commissioner COMMONS. It might?

Mr. S. E. THOMPSON. Yes.

Commissioner COMMONS. And if this commission is required to investigate the causes of industrial unrest and to look forward as well as backward, we should naturally be compelled to expect that in the case of scientific management there would come a time when it would not necessarily bring industrial peace, as it does now, and that is only in a few establishments.

Mr. S. E. THOMPSON. I should consider that you had industrial peace if this agreement was settled in an amicable manner; in my opinion that is what you would have. I do not quite get at your point.

Commissioner COMMONS. What I am trying to get at is whether we should try to work out some system to anticipate this future struggle, after scientific management has been diffused, to try to install it in some collective way that it would have to be carried on after five or six years after it had become diffused.

Mr. S. E. THOMPSON. I think we would make a great mistake if we cross these bridges before we come to them. I believe ultimately there will be no force that will be so potent to the bringing into use of scientific management as the laboring man himself. We see that from the way they feel about it, according to my experience and the experience of most others, the way they feel about it, when they really get hold of the thing. Now, on the other hand, just at the present time, and for some years to come, when the condition is more or less chaotic, and the laboring men have not as yet had an opportunity, no more than the employer, to study out this question, it seems to me that you are altogether too much ahead of the times if you endeavor to formulate rules for conditions that will apply after these ultimate conditions have taken place, which will not be for many years.

Commissioner COMMONS. I have one other thing in mind with reference to that. You were asked by Mr. Weinstock as to what confidence you could have in the evidence that men in the shops would give, whether they were speaking for their own individual value that they put on this system, or were standing out for the good of the cause. Now, as I understand it, the trade union is what you mean by standing out for the good of the cause; that is, they would subject their individual benefit for the good of their fellow workmen?

Mr. S. E. THOMPSON. What they considered was for the good of their fellow workmen.

Commissioner COMMONS. Perhaps they in that have some sort of instinctive foresight into the future; that is, not the present workmen, but that it is for the future of their trade, the future of the industry, and might it not be that these workmen, having gone through this same experience with piecework and always having had it work out in this way, might instinctively feel that this scientific management is going to work out in this same way, and that the cause he is standing for is the future cause of labor as well as the present cause of his fellow workmen?

Mr. S. E. THOMPSON. Yes; but on the other hand it might be due also to the fact that there is certain pressure brought to bear on them by men who were not on the bonus system, who might believe that, without having any basis for their belief, and not having actually worked under the task and bonus, and would not have a fair basis for making their opinion.

Commissioner COMMONS. And if they convert him they would say, "This is only a temporary gain you are getting; after a while competition will take it away from you," and that would be one of the things he would be looking out for, for himself in the future, to that competitive period when the whole thing has been diffused. But I will not follow that out any more; I just wanted to bring out whether we should not have these fundamental questions in mind as well as the machinery of scientific management.

Mr. S. E. THOMPSON. Yes, provided you do not cross bridges too far ahead.

The ACTING CHAIRMAN. Mrs. Harriman left a question which she wanted to know if you would kindly answer. She wanted you to give your definition of the difference between bonus, premium, differential rate, and piece rate methods of payment. You need not do this orally, if you would be willing to give your answers in as succinct a way as possible, stating in writing what your definitions are of those.

Mr. S. E. THOMPSON. I will write some kind of a general description.
The ACTING CHAIRMAN. Are there any further questions?
Commissioner GARRETTSON. I have no more.

TESTIMONY OF MR. N. P. ALIFAS.

Mr. THOMPSON. Will you give us your name, residence, and occupation?

Mr. ALIFAS. N. P. Alifas.

Mr. THOMPSON. And your residence?

Mr. ALIFAS. 120 Maryland Avenue NE, in the city of Washington, D. C.

Mr. THOMPSON. And what is your occupation?

Mr. ALIFAS. I am the president of District No. 44, International Association of Machinists. District No. 44 comprises the machinists employed in the Government service.

Mr. THOMPSON. Everywhere in this country?

Mr. ALIFAS. Yes; it comprises the machinists of the arsenals and navy yards, and the Government departments here at Washington, such as the Government Printing Office, the Bureau of Engraving and Printing, the Light-house Service, and the employees on the Canal Zone.

Mr. THOMPSON. How long have you been in that position?

Mr. ALIFAS. Since December 1, 1911.

Mr. THOMPSON. In that time you have come into contact with so-called scientific management, or so-called efficiency systems?

Mr. ALIFAS. I have.

Mr. THOMPSON. What is your general attitude toward scientific management, and what are the reasons therefor?

Mr. ALIFAS. Do you wish me to give you a general statement of our objections to it, and why we object to the different things?

Mr. THOMPSON. I wish you would briefly state it, if you will.

Mr. ALIFAS. Our objections are these: We object to the system of scientific management as a whole on account of the way it is built up, and we also have specific objections against certain features of it to which we would object even though they were segregated and were acted upon apart from the system as a whole. Our principal objections to the system are its possibilities, and the sort of limitations that are placed upon the possibilities of the system. The principal features of the system that we object to are the time study, the stop-watch time study, the premium system, the system advocated by certain of the scientific engineers, of hiring cheaper men to do the character of work that has been formerly done by highly skilled men. We object to the very severe disciplinary system that goes with it.

It must be understood that any complicated system in order to work, in order to make everything come just right, has to have a very severe system of discipline in order to make it do that.

We object to the elimination feature of it.

While labor does not object to improvements, to good management, we think that before any very drastic changes should be brought about some provision should be made for those who are going to be inconvenienced by such changes.

Those are just some of the objections. I can explain in detail or a little more specifically why we object to these different items that I have brought out.

Mr. THOMPSON. I should like to hear that. Take the first in order, the possibilities of the system. Why do you object to those?

Mr. ALIFAS. I do not know that the possibilities of the system ought to come first in order, because the explanation of some of these other questions might perhaps be necessary in order to explain the possibilities, but I will go on with that.

Mr. THOMPSON. I simply took that first because you stated it first. Start with the one that will unfold, in your opinion, naturally.

Mr. ALIFAS. I could just briefly touch on the possibilities, in order that you might understand the others also.

The question of paying men bonuses is, of course, a method of endeavoring to get them to do more work—to do as much as possible—and all the expedients that are explained, in principally Mr. Taylor's work, are in the direction of increasing the output of the individual workman and offering him as many stimulants to increase the output as it is possible to get him to stand for or as circumstances will permit.

Now, take piecework for an example. That, of course, is not a part of the scientific system, but it is more strenuous than daywork that the machinists

whom I represent, in particular, are now working under. We think that the system of daywork is sufficiently severe and furnishes sufficient inducements to induce the average employee to work as hard as he ought to be compelled to work, and if you give him any more stimulants than that that he eventually is going to overwork and shorten the years of his life, probably 10 or 15, or even more than that.

The premium system is still more intense than the piecework system, and I should like to explain the difference. I do not believe that has been brought out here; that is, it has not to my way of looking at it. We will take the way the premium is arranged at the Watertown Arsenal, in regard to which I have some information. We will say that the time study has indicated that 100 pieces can be made in 36 minutes. As a premium, or as a time within which premiums shall be given, they will set, say, an hour, which is 40 per cent in addition to the lowest possible time, and they will give one-half of the man's rate per minute for every minute that he saves under the hour.

Mr. EMERSON. Might I interrupt, Mr. Chairman, to ask whether it would not be better to define the terms "premium" and "bonus"? The witness is testifying about the bonus system and calling it a premium system.

Mr. ALIFAS. I am talking about the premium system.

Mr. EMERSON. Not as we know it.

Mr. ALIFAS. I am talking about the premium system.

Commissioner WEINSTOCK. Do you use "premium" and "bonus" as synonymous?"

Mr. ALIFAS. No, sir; I know very well what I am talking about.

The ACTING CHAIRMAN (Commissioner Delano). Is this the Taylor system?

Mr. ALIFAS. It is the Taylor system.

The ACTING CHAIRMAN. Mr. Taylor and his men have been talking about his system as a task-and-bonus system.

Mr. ALIFAS. Yes.

The ACTING CHAIRMAN. Is it a task-and-bonus system, or are you really describing the premium system?

Mr. ALIFAS. It is the task system with a premium.

Mr. EMERSON. With a bonus.

Mr. ALIFAS. With a premium. [Laughter.]

Mr. BARTH. Mr. Chairman, I installed that system. What is the use of listening to everybody else and not giving me a chance? I am all right.

The ACTING CHAIRMAN. I think we will hear the witness.

Mr. BARTH. I think that is mighty funny.

Commissioner O'CONNELL. Let Mr. Alifas go along in his own way. He knows what he is talking about.

The ACTING CHAIRMAN. I think we will have to let him go along. Evidently you have not been here, Mr. Alifas, all the time. Mr. Taylor and his men have been careful not to use the word "premium" in describing their system, but they use the words "differential piecework" and "task-and-bonus system" in describing their methods.

Mr. EMERSON. That is the reason that I asked this witness if he would not kindly define those terms for us for the benefit of the commission.

Mr. E. S. THOMPSON. May I answer that one point now, since you asked me that question?

The ACTING CHAIRMAN. I do not think we should interrupt the witness now.

Mr. THOMPSON. I will ask this witness to define what he means by these terms. That will simplify the thing, so far as he is concerned.

The ACTING CHAIRMAN. If you will define what you mean by "premium," as you are using it, we would like to have you do that. You may not be using it in the same sense in which others are using it.

Mr. ALIFAS. I mean at the Watertown Arsenal they call this premium the money they make in the plan that they have inaugurated there. I was endeavoring to describe that plan. If they made 100 pieces in 36 minutes and they were allowed an hour to make those pieces, the plan is that for every minute that is saved within the hour the workman shall be paid for a half a minute. Under the piece system, if a man has been given a task that he would take an hour to do, he will be paid, say, 5 cents apiece, and for every piece he makes more than that, he will be paid 5 cents apiece. If an employee under this system that is in vogue at the arsenal should complete that particular job in 36 minutes, he would get more for that same amount of work than he would if he worked an hour on it. If he worked an hour on this particular piece, if he was getting 80 cents an hour—I mean 80 cents for the 100 pieces—he would

get 30 cents, but if he completed that within 36 minutes he would get 30 plus one-half of the amount of money he would save by shortening the time 24 minutes, which amounts to about 40 cents for the 100 pieces. Consequently it is to the man's interest to increase the price that he gets for the particular amount of work that he is doing. Now, in that it is more intense than the piecework system is.

Another way of stimulating men which, I understand, is to follow this particular plan which I have called the premium system. It may be different from what these other gentlemen claim is the premium system, but that is what we call it at the arsenal—a differential-rate system, with a bonus. Whenever they have finally discovered how much a man can do of a certain amount of work, they place that at as low a limit as they think they can get a man to work for and still make it. I suppose that if they should discover that a man, by very strenuous efforts, could make 10 of these given pieces in a day, they would say, "If you can make 10 of these in a day, we will give you 25 cents apiece. If you do not come up to 10; if you only make 9 $\frac{1}{2}$ "—or whatever the tolerance will be—"we will give you only 25 cents."

The question of only a very few minutes of speeding up during the day might mean the difference between getting \$2.50 a day or \$3.50 a day. If a man misses that \$3.50 a day by only 10 minutes, he would regret that very much, and he would be willing to speed himself up considerably harder in order to make that. That is an added stimulant—added onto the man.

Then you can stimulate him still further. These systems provide for a system of eliminating men, and eliminating the least efficient of them, and in view of the fact of their supposed increased production, so they do not get as many men to do the same amount of work that they have been doing, it is possible to discharge quite a few men every once in a while, as the system becomes perfected and they can get along without them. While they are discharging these men, they might as well turn it into an advantage and say, "We will keep the best of the men, and those who can not keep up, of course, will have to go." That is natural. They will say, "If you men do not make these premiums or bonuses that we are offering to you, if you will not work hard enough to get them, we will eliminate you." That is an added stimulant, especially at a time when there is very little work in the country, and the men will work still harder.

A foreman might not be disposed to press that point as hard if he is working himself under a salary, as if he were under a bonus or premium for doing that sort of thing. Mr. Taylor's system especially, and I think most of the other scientific systems, provide that a foreman shall be paid a bonus in proportion to the number of his men who are making bonuses. Consequently that gives him an incentive to speed up his men in order to force them to make bonuses. There are two ways of doing it. You could give a foreman a bonus for the number of men who were making premiums, or you could regulate the size of his premium in accordance with the amount of premium or bonus his men were making. This last particular, of course, would be more stimulating to him.

We feel that there is altogether too much stimulus connected with that. You might say, "Oh, they would not do that. Our employees are too tender-hearted to be willing to enforce such an inhumane system of oppressing people." I would feel very much disposed to give them credit for their very best intentions. However, we have to be guided somewhat by what they say they will do. Mr. Taylor, in his presentation of this subject before the American Society of Mechanical Engineers, in June, 1903, gave an outline of his system. It was at least just as harrowing as what I have just related, in our opinion. He not only advised them to do that, but he showed where he had done that, to prove that it was possible to do it.

In presenting a subject of that kind in the way that Mr. Taylor did, since he has had enough experience with employers to know what would appeal to them, I presume he wrote this paper in such a way as to appeal to the average employer. If that sort of language is what is going to appeal to the average employer, I think that the working people might put up a good strong resistance to any program that is going to work out in that fashion.

Mr. THORNTON. Have you that language here?

Mr. ALFAR. Yes, sir. In regard to keeping the cheap men, I will read a paragraph to illustrate that point from Shop Management, page 1247, paragraph 37:

"By 'high wages' he means wages which are high only as relating to the average of the class to which the man belongs, and which are paid only to those who do much more or better work than the average of his class. I would not, for illustration, advocate the use of a high-priced tradesman to do the work which could be done by a trade laborer or low-priced man."

In explanation of that, he figures that by systematizing the shop and taking advantage of all the modern improvements that he has incorporated in his system, it is going to so simplify the work that it is not going to be necessary to have the skill of the mechanic who formerly had to do it, but that he can dispense with him and use a laborer or a skilled man who gets much less pay, and that the increase that he would be giving the employee would not be an increase to the mechanic who was displaced, but would be an increase of a certain per cent to the laborer, and an increase in the laborer's wages would not amount to probably as much as the mechanic got who formerly did that class of work.

Mr. THOMPSON. Referring to that last paragraph which you read, what objection, if any, could be made to a simplification of the work in a shop so that the element of skill was reduced and more men of the kind who labor and work as you have suggested could perform tasks?

Mr. ALIFAS. There could be no objection raised to it, except it would be the objection that whenever the employer improves things, he keeps all the advantage of the improvement himself.

Mr. THOMPSON. That would be the objection?

Mr. ALIFAS. That would be the objection. We have no objection to simplifying things. In fact, if we could make everything by automatic machinery, and nobody would have to do anything, it would be perfectly satisfactory, provided the man who invented that did not keep all the advantage himself and let the rest of the world starve to death.

Now, paragraph 247 illustrates the effort which will be made toward cheaper workmen. The several possibilities of functional performance, however, will not have been realized until almost all the machines in the shop are run by men who are of smaller caliber and attainments, and are therefore cheaper than those that were required under the old systems. The adoption of standard ideas, plans, and methods throughout the shop, the planning done in the planning room, and detailed instructions sent them from this department; added to the direct help received from the four executive bosses, permit the use of comparatively cheap men even on complicated work.

Now, he will not be able to do that. It appears in certain shops that they have not reached this highly desired state of affairs where they can get along without the high-priced man, but that is due to their inability to make the system do what they thought it would; but it does not prevent them from taking advantage of the situation which will enable them to do that.

In regard to the speed, I believe that has been read here to the commission, paragraph 125, which relates to the pig-iron handlers at Midvale:

"When the writer left the steelworks, the Bethlehem steelworkers were the finest body of picked workers that the writer had ever seen, altogether. They were all practically first-class men; the work they were called upon to do was such that only first-class men could do it; the tasks were purposely made so severe that only 1 out of 5, or perhaps even a smaller percentage than this, could keep up."

Now, with regard to that, as I remember it, there were about 400 men in that gang and only about 140 or 144 of them were finally retained. If labor conditions had been very bad in that district from the workers' point of view they naturally would have attained very high speed. Mr. Taylor the other day illustrated what he meant by first-class men, by comparing them to horses—not comparing the workmen to horses, but in the sense that he would take a large horse to do heavy work.

In introducing scientific management I do not suppose that the man who hired them would hire a weakling to carry pig iron, but in the first place he would naturally select men who he thought would be capable of doing it, and men would offer themselves for that service who thought they would be able to perform the duties. Now, after trying such men as that, who ordinarily would appear to be capable of doing it, only about 1 out of 5 were able to do the work assigned to them. The others would either quit or go to other work, or they would be discharged for their inability to do the work.

Now, that looks pretty severe to us. I think one reason why the employees who were contemplating the work under this system in the Government service,

one reason why they were fearful of the system, was due to the inability of those over them to see anything drastic about that book. Even after pointing out these things to them it seemed like they were unable to see that that would cause anybody any hardship.

Now, we have a pretty fair conception of what we consider hardships, and if those are not hardships we do not know what hardships are.

Mr. THOMPSON. What, if any, increase in pay do you know that these men got—do you?

Mr. ALIFAS. Yes.

Mr. THOMPSON. What is the additional output, if you know?

Mr. ALIFAS. I think it is shown in the book that instead of carrying about 13 tons of pig iron a day they carried about 48 tons of pig iron a day, and instead of receiving \$1.15 for that they got \$1.85. It was stated, I believe, that some men would work in their gardens in the evening under the old way of working. However, there is some question as to whether, after a day's work carrying 48 tons of pig iron, they would be able to do that or not.

Now, another limitation—

Mr. THOMPSON. In that particular case they carried about 300 per cent more?

Mr. ALIFAS. Yes.

Mr. THOMPSON. Three hundred per cent more pig iron and got a little over 50 per cent more wages?

Mr. ALIFAS. Yes; something like that.

Commissioner WEINSTOCK. How do you make it 300 per cent increase from 12 to 48?

Mr. THOMPSON. From 12½ to 48.

Mr. ALIFAS. From 12½ to 48. That would be about 3 to 1.

Now, another limitation that I wish to call the attention of this commission to is the question of what a man is able to do. It appears that these gentlemen have figured out to a nicety just how long rest periods men must have during the day in order to be able to carry a certain load. That is, if he rests less, he carries less; and if he rests more, he also carries more. That is, by experimenting they have discovered just exactly how much a man can do. That resolves itself down to a very pertinent suspicion that if they had their way about it they might start to find out how much it was necessary for a man to eat in order to maintain his strength, regardless of whether his appetite was satisfied or not, and then base his wages on what it was necessary for him to earn in order to sustain life. That is a bare possibility; at least, it falls in line with scientific methods of doing things.

Mr. THOMPSON. Are they not really doing that now?

Commissioner WEINSTOCK. That is done under the minimum wage law to determine the cost of living.

Mr. ALIFAS. Yes; they determine how much it costs to sustain life.

Commissioner WEINSTOCK. The State does that?

Mr. ALIFAS. Yes; how much it costs to sustain life, and they determine that you must at least get that.

Mr. THOMPSON. That is, so many calories of strength.

Mr. ALIFAS. Yes. Now, we object to being reduced to a scientific formula, and we do not want to have the world run on that kind of basis at all. We would a good deal rather have the world run on the basis that everybody should enjoy some of the things in it, and if the people of the United States do not want to spend all their time working they have a right to say so, even though the scientific engineers claim that they can do five times as much as they are doing now. If they don't want to do it, why should they be compelled to do it?

Mr. THOMPSON. Just one point: Assuming by the introduction of scientific management in regard to these men they reduce the efforts of the men, cut out waste motions and false motions, and teach the men to do the work easier and thereby to accomplish more work in a given number of hours, your objection just made would not apply to that condition, would it?

Mr. ALIFAS. No, sir; it would not.

Mr. THOMPSON. So far as it did that, you would agree to that system?

Mr. ALIFAS. I would agree to anything that cut out unnecessary work on the part of the people, provided of course that we were not put to too great an inconvenience. That is, I would not care to burn down this entire city with the assurance that I would have a better one 50 years from now, because we might have to live in a tent in the meantime. But improvements are a good thing, if you do not have to suffer too much inconvenience in getting them.

Of course the man who is starting these improvements can stand to see the workmen suffer considerable inconvenience in order that he might get the benefit of it.

Mr. THOMPSON. Forgetting for the moment the language of Mr. Taylor, which perhaps is very unfortunate in that book and perhaps elsewhere, and simply taking this fact into consideration, that by advising these men how to carry pig iron they are able to increase the man's output from 12½ tons to 48 tons a day, and without any more exertion on his part, could there be any objection to it?

Mr. ALIFAS. No; I do not think so except, as I have already stated, that the people who are inconvenienced by improvements should get sufficient benefits out of them, otherwise the improvement should be postponed until some solution is found by which they can get the benefit distributed.

Mr. THOMPSON. In other words, you would not have any objection to the saving of the waste motion and waste time, but if there is a saving you think the workmen should share more proportionately in it?

Mr. ALIFAS. Yes.

Mr. THOMPSON. Now, taking up your time-watch study, you said that you and labor objected to scientific management on that account. What have you to say in that regard?

Mr. ALIFAS. Yes. In the first place, I think that it is humiliating to have a man hold a stop watch on us. We have been, through the papers on scientific management, accused of "soldiering" repeatedly, and while of course we are not really blamed for it, the manufacturer is blamed for it because he does not take the necessary measures to prevent us from "soldiering"; that, however, is a blame that would be taken in very good part by him; but it is humiliating to have a man stand over you with a stop watch when it is well recognized that the reason he is doing it is because he suspects that if he does not do it, and tries to get your task as a whole, you would cheat him. That is, you would give him to understand that it took you longer to do the work than it did actually take.

I read an account not long ago of where a man had been in some foreign country, and one of the spectacles that amazed him very much was to see a farmer out in his field plowing, and he had his wife hitched up to the plow in connection with an ox. Now, even under scientific management, if that task had been fixed so that it was not hurting her any and that she was not overworked, yet I imagine that our American wives would feel somewhat humiliated at being in such a situation, so that, even though it does not hurt you any, it is possible to have a thing humiliate you.

Mr. THOMPSON. And you think the average American wife would object to that yoking?

Mr. ALIFAS. I think so. Another reason why we have objected to time study has been on account of the attitude of the employer to get the very most out of us that it is possible, and oftentimes the only defense that the workingman has had has been in the ignorance of the employer as to exactly how much he could do. Just as soon as an employer found out how much he could do, the employer would insist that he should do a larger day's work than it was possible for him to do and keep up, and the only defense he has had has been the same defense that a great many business houses and big corporations have when the public proposes to find out what their earnings are, to see if they can not get an increase in rates, or something like that—like our railways are doing—to endeavor to force the facts and figures with a view to pretending that they are not earning as much as they are really.

There seems to be a disposition on the part of people, when determining what anybody else should have, that they make it a little bit less than it ought to be. That is one reason.

Mr. THOMPSON. What cases do you know of in scientific management where that has actually been the case?

Mr. ALIFAS. Well, according to the testimony of the gentlemen here, it seems that piecework, when first established, is susceptible of being cut several times until it finally reaches a point where it is impossible to reduce it any more; but with the stop-watch practice, that last time after the job has been cut is the time that has been discovered in the first place, so that labor does not get the advantage of having had an easier time while the cutting was going on. Then they find out the least possible time they should take in the first place.

Mr. THOMPSON. Assuming, Mr. Alifas, that the time study is a normal time study, would there be any objection to making that time the task time?

Mr. ALIFAS. Well, in assuming that, you would have to assume that the people who have the final determining of it are going to determine right, and that is just where we differ.

Mr. THOMPSON. Assuming that they did determine right; what objection could there be to it?

Mr. ALIFAS. Assuming that they gave you the right task? I do not know as you could find any objection to it, if you assume that, but under the present circumstances I do not see that any assumption of that kind could be made, due to the fact that it is all determined at the present time by the employer.

Mr. THOMPSON. For instance, if a study of a task which took several hours—say five hours—involved quite a few different processes, it might be necessary to make a study of those processes to see wherein motions could be eliminated, and waste effort, and finally, on reaching the completion of the whole task, they would say that a certain time was normal. Suppose it was the right time and nobody could reasonably object to it, could anybody reasonably object then to the methods of examining into any of the processes to arrive at the same total, say five hours?

Mr. ALIFAS. That has something to do with the mental attitude that would induce a man to think that he should make a time study.

Mr. THOMPSON. Let us assume that it was understood on both sides that the desire was simply to arrive at the whole task, or process, and that it took five hours and required several processes; that it was simply a desire to arrive at a normal time for the whole task. Could there be any reasonable objection then?

Mr. ALIFAS. Well, there is no objection where there is no objection, of course; we all know that.

Mr. THOMPSON. Could there be any objection in that kind of case, where it was understood?

Mr. ALIFAS. Well, the objection is this, that when a man thinks it is necessary for him to find out what a workman is doing every minute of the day he has got an attitude of mind that is going to be hard to please as to the work to be done, and when a man takes that attitude it is necessary for the workman to guard himself. I think it is like a husband starting out from the house in the morning and he would decide to dole out, for his wife to use that day, so much pepper and so much salt and so many potatoes, etc.; whereas before she had been able to use about what she thought was necessary she would begin to think he was getting altogether too closefisted in his management, and that is what we think when the employer begins to inquire what he did with that last 15 seconds; it is time to oppose it.

Mr. THOMPSON. Are you a married man?

Mr. ALIFAS. Yes; and I don't do that.

Commissioner O'CONNELL. The scientific management is on the other end.

Mr. THOMPSON. I do not think that illustration, while very interesting, meets the idea I have. What I want to bring out, what I want to prove is, that if the employer and employee meet for the purpose of ascertaining in a perfectly friendly way as to what time should be consumed in an operation—where the employee understands that there is no desire to question his good will even much less his honesty—this thing would evaporate the thing you speak of?

Mr. ALIFAS. I would say, assuming the very favorable premises you have stated, that there could be no objection.

Mr. THOMPSON. Is it not a fact that in piece-price factories the determination of the piece prices, like in clothing factories and glove factories and other places, there is a time test made, not only at the instance of the employer, but often, and most often, at the instance of the employee, particularly in all these establishments where the manufacturer sets the price first, then the employee demands a time test of the operation, so that he may prove to the employer that the price he has set for the operation is not fair. In that case the employee insisting upon the time study could not object to it, could he?

Mr. ALIFAS. No; he could not.

Mr. THOMPSON. Then, therefore, the objection of the employee to the time study is to what he thinks is back of it; he thinks there is some question of his honesty or faithfulness of work, and he objects to it?

Mr. ALIFAS. Allow me to make an explanation there. The employee might ask that a certain thing be done, which he really objects to in itself; that is, that it is better than something else. I have heard of people who asked to be

allowed to go to the penitentiary instead of being hung, but that is not to say that he prefers the penitentiary instead of being free. A man might prefer a time study to an unjust condition imposed upon him by an employer, but that is not to say that he would be in favor of that time study.

Mr. THOMPSON. Then, you think, if I understand you correctly, that where an employer sets a price on an operation and the employee asks for a time study, it is similar to a man who is condemned to be hung asking for a term in the penitentiary?

Mr. ALIFAS. In the sense that it is a lighter punishment, so to speak.

Commissioner GARRETSON. It is the lesser of two evils?

Mr. ALIFAS. It is the lesser of two evils. That is what we object to—piece-work.

Mr. THOMPSON. Would you say that is the attitude of the employees in connection with time studies in different trades—the clothing trade, for instance?

Mr. ALIFAS. I would not presume to speak for the clothing trades. I am speaking for the machinists' trade, which trade objects to piecework, and to the necessary paraphernalia for carrying the piecework system into operation.

Mr. THOMPSON. If I should tell you that in the clothing trade the employees ask for that time study and accept it as part of their machinery for arriving at prices and it is not looked upon with any disfavor whatever that would eliminate at least one group of workers, would it not?

Mr. ALIFAS. Yes, sir; assuming your premises, it would.

Mr. THOMPSON. But as a result of your testimony, it is what is back of the time study that you object to?

Mr. ALIFAS. That is it.

Mr. THOMPSON. The motive?

Mr. ALIFAS. That is it—the motive.

Mr. THOMPSON. The implication?

Mr. ALIFAS. The motive behind it; and that brings out another point I would like to just touch on before I forget it. That is the suggestion that has been made here that employers should confide in employees what they propose to do. In accordance with this system I see that it would be very much to the disadvantage of the employer to confide any such thing to the employee if he proposes to do to him what these writings indicate. He would in effect tell a good machinist that is working in the shop, getting \$4 a day, "I want to time you on this job, and I want to find out if you can do two or three times as much work as you are doing now, and then I propose to make you do it. That is, I am going to pay you enough so you will not quit here and go somewhere else, but I am going to make you do it by penalties, if I can not find somebody else that is cheaper than you are who can do that, and if I can I will take him." That is in effect what he would have to tell the employee if he proposed to follow out this system as we understand it.

Mr. THOMPSON. Then, in your opinion, under the ordinary rules of business, the scientific system of management, while designed to lessen effort and eliminate waste, is really a method by which the employer can exploit labor?

Mr. ALIFAS. That is the idea exactly. Simply because a thing is scientific does not make it good; that is, you may discover a scientific way of doing almost anything, such, for instance, as swindling the public. They have that down to a science, I understand, in New York and certain places, where they inveigle the credulous into certain schemes and then trim them. They might reduce that to scientific methods of doing it, and yet it would not be a good thing simply because it was scientific. It depends on the purpose for which you expect to use any given knowledge whether it is good or not.

Mr. THOMPSON. If the introduction of a scientific system of management was simply for the purpose of eliminating waste, false motions, and the like, and labor was to share fairly and fully in the saving thereby, there could be no objection reasonably to such a system, could there?

Mr. ALIFAS. No.

Mr. THOMPSON. If the chairman please, that is all.

The ACTING CHAIRMAN. Mr. O'Connell?

Commissioner O'CONNELL. Nothing at this time, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Garretson?

Commissioner GARRETSON. Mr. Alifas, do you and the average man whom you represent believe man was created wholly for the purpose of creating wealth for others?

Mr. ALIFAS. No, sir. Man was created, we think, for the purpose of enjoying life to some extent.

Commissioner GARRETSON. As you understand scientific management from the presentation from which you read, it would act as an amendment to the ordinary catechism which gives man another purpose in life?

Mr. ALIFAS. It would seem like it.

Commissioner GARRETSON. Does the perusal of the writings on the subject with which you are conversant convey the idea to the average laboring man that this form of management is a boon to labor, an unquestioned good?

Mr. ALIFAS. I have endeavored to find that out first hand. About three years ago I went to Philadelphia for the purpose of interviewing some of the employees who were working in three plants of that city, where it was alleged they had introduced scientific management. Those plants were the Midvale steel plant, the Link Belt Co., and the Tabor Manufacturing Co. I interviewed the employees that were working there or that had worked there that I could find and that I could see. I only found one man who liked the system, who would not rather work under the ordinary daywork at the regular daywork wages.

Commissioner GARRETSON. He did not like the real thing any better than he liked the public statement, then, in regard to what to do?

Mr. ALIFAS. Apparently not.

Commissioner GARRETSON. In regard to the rules that exist in trade agreements, is it not true that a large number of those rules, covering both wage or condition of service, are not a fair example of what either side, employer or employee, in making up the trade agreement desires, but are compromise measures?

Mr. ALIFAS. Yes, sir. The employee, as a rule, would make—I will state that this way, and come right to the point: Each side would make it more favorable to itself if it could.

Commissioner GARRETSON. It is the result of mutual concessions?

Mr. ALIFAS. Yes, sir.

Commissioner GARRETSON. Is not that true of every trade agreement with which you are familiar?

Mr. ALIFAS. Yes; it is.

Commissioner GARRETSON. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Weinstock?

Commissioner WEINSTOCK. Mr. Chairman, I regard Mr. Alifas as one of the most intelligent and one of the best informed men from the labor side on this question of scientific management.

Mr. ALIFAS. Thank you, Mr. Weinstock.

Commissioner WEINSTOCK. There are a number of questions, Mr. Chairman, in connection with scientific management, concerning which my mind is undetermined. I have not been able to get conclusive evidence to reach an opinion of my own that I can depend on. I want to take advantage of this opportunity of questioning Mr. Alifas, and therefore I will submit to him quite a number of questions, and I want to ask the indulgence of the commission to permit me to take not only my own time but to take advantage of the absence of my fellow employer representative on the board, Mr. Ballard, and use his time also.

The ACTING CHAIRMAN. You may have my time, too.

Commissioner LENNON. And you may have my time, too.

Commissioner WEINSTOCK. Mr. Alifas, to begin, do you agree with me that the most valuable asset the State has is its men?

Mr. ALIFAS. Yes, sir.

Commissioner WEINSTOCK. Do you also agree with me that the most valuable asset man has, the most valuable asset that you have, the most valuable asset that I have, is our efficiency?

Mr. ALIFAS. Yes, sir.

Commissioner WEINSTOCK. Rob us of our efficiency, and we become burdens upon the State?

Mr. ALIFAS. In all directions, I would say. Our efficiency not only to produce something that somebody else helps to divide for us and give us our little share, but also our efficiency in getting more other things that we are already producing instead of trying to produce more and to get result from the Government we are under.

Commissioner WEINSTOCK. Therefore, really the most valuable asset the State has is the efficiency of its men and its women?

Mr. ALIFAS. Yes, sir.

Commissioner WEINSTOCK. Anything that will increase that efficiency without injury is in the nature of a blessing, is it not?

Mr. ALIFAS. Yes, sir.

Commissioner WEINSTOCK. Anything that will diminish that efficiency is in the nature of an evil?

Mr. ALIFAS. Yes, sir. I want to modify both of those answer to this extent, that anything that would increase efficiency without detriment to the individual is a blessing, and anything that would decrease efficiency for the benefit of the overworked individual would also be a blessing. I think there are some people who are working too hard at the present time.

Commissioner WEINSTOCK. I also think you will agree with me, Mr. Alifas, that all employers are not fair and not equitable and are not just. Do you?

Mr. ALIFAS. Yes; I do.

Commissioner WEINSTOCK. That there are employers who are unfair and unequitable and unjust?

Mr. ALIFAS. Yes.

Commissioner WEINSTOCK. And that it is the purpose of organized labor, as I stated, to protect themselves against that kind of employers?

Mr. ALIFAS. Yes, sir.

Commissioner WEINSTOCK. Is that right?

Mr. ALIFAS. Yes, sir.

Commissioner WEINSTOCK. In other words, if all employers were just and fair and equitable and did the square thing, there would be no need for labor unions, would there?

Mr. ALIFAS. No, sir. I will also add there that the good employer at the present time is handicapped in giving his employees poor conditions, due to the unjust competition of the unfair employer.

Commissioner WEINSTOCK. The unfair employer sets the pace?

Mr. ALIFAS. Yes, sir.

Commissioner WEINSTOCK. And the fair employer must either follow that pace or get out of the game?

Mr. ALIFAS. That is correct.

Commissioner WEINSTOCK. I take it from that that you will also agree with me that all workers are not fair and just.

Mr. ALIFAS. Yes, sir.

Commissioner WEINSTOCK. That is, all workers do not give a fair day's work for a fair day's pay?

Mr. ALIFAS. I will modify that to the extent that as a rule a man is performing a task that is worth what he gets for it, because the employer would not hire him at all if he was not worth as much as he is getting; so he can not possibly cheat the employer by any means—that is, with reasonable supervision. The average employer would find out if he was not worth what he was getting. He might cheat the employer to a certain extent by not giving the employer a just return on his investment.

Commissioner WEINSTOCK. You do not think, then, it is possible for a man to do the least that he can and to hold his job without the employer dismissing him?

Mr. ALIFAS. Ordinarily I think that the employer would find out a man like that. I will state that our experience in daywork has led us to the conclusion that daywork furnishes a man sufficient incentive to make him do a good day's work. He may not invent new methods of doing it, but he does a good day's work with the implements he has at hand, and that the fear of discharge, the desire to stay in the same locality where he may own a home, and the natural fondness he might feel toward a good employer would induce him to turn out a good day's work.

Of course, these systems carry along with them, supposedly, a lot of new improvements that have been made, and wherever shops which they have invaded have been run in the old systems which have been in existence for 15 or 20 years, they have a lot of antiquated methods, and if they abolish those antiquated methods, together with their stimulus, that will increase the productivity, and all that productivity is charged to the system; whereas under the old method of doing work they could have secured perhaps three-fourths of that increase without putting any added stimulus on the workman.

Commissioner WEINSTOCK. If you were earning, for example, say, \$4 a day, would you be content to remain at \$4 a day for the rest of your days, or would you want to increase the amount of your earnings, if you could legitimately and honorably do so, without injury to yourself?

Mr. ALIFAS. Oh, every man wants to increase his earnings.

Commissioner WEINSTOCK. If I was to come to you—if you were my worker and I was your employer—and I should say, "Mr. Alifas, you are getting \$4 a day, and that is all you are worth with your present output; that is the maximum. If the output can not be increased you have reached your highest point. Now, I want to see if there is not some way by which you can earn more than \$4 a day, and I can also increase my profits. I am not coming to you as a philanthropist, and I am not coming to you out of benevolence. I am coming to you for our mutual good, and I want to see if I can not, for your good and mine, increase your efficiency so that you can earn more money and I may earn more money. I will exercise my brain, or such brains as I can hire, and cooperate with you for our common benefit." Suppose I should come to you and say that; would you object to that?

Mr. ALIFAS. I would not object to it if I had some voice in the thing.

Commissioner WEINSTOCK. If you had a voice?

Mr. ALIFAS. And you should not insist upon getting all the benefits of it, and eliminating me, possibly.

Commissioner WEINSTOCK. Exactly. Now, if I should come to you and invite your cooperation and give you an equal voice with myself, you would look upon it as an advantage?

Mr. ALIFAS. Yes; without a doubt.

Commissioner WEINSTOCK. Your objection—and when I say "your objection" I assume that you are here representing organized labor, and are not speaking only for yourself—

Mr. ALIFAS. I have talked with a great many employees, and while they may not have expressed their objections in the same terms as I have, I feel that their objections are, either consciously or unconsciously, mine.

Commissioner WEINSTOCK. Then I take it that the objection to this so-called scientific management is not the fact that it can increase productivity, but the fact that it is put upon the worker without his cooperation and without giving him a voice in the matter?

Mr. ALIFAS. Yes. It is the purpose for which they propose to use it.

Commissioner WEINSTOCK. If that objection was removed—

Mr. ALIFAS. But I will say this, that the system has been built up with that in view. Now, it is a good deal like building a structure of any kind—you might say, building a guillotine. It is proposed to use that for the purpose of decapitating people, and you would not expect to have that used for a church organ, or something of that sort. [Laughter.] It is constructed that way.

Commissioner WEINSTOCK. Very well, then; you have not any objection to the system, then, I take it, but you have objection to the manner in which it is applied?

Mr. ALIFAS. I would arrange the system a little bit differently.

Commissioner WEINSTOCK. Go ahead and tell us just exactly how you would arrange it, so it would be fair and equitable to both sides.

Mr. ALIFAS. I will say this, that if we should agree to any one of the features of the system, it is so built up that the next logical step in the system is something else that we think is to our disadvantage. Of course we may be mistaken. Our opponents have credited us with a great deal of ignorance on this subject, but it looks to us, at least, as if it was built up in such a way that the next logical step would be something that would be finally to our disadvantage. I do not think we would have any objection to a shop or an industry, say, rearranging their machinery in such a way that there would be no unnecessary time lost in distributing the work, or properly routing the work. There would be no objection to that. There would not be any objection to ascertaining and insisting on it, in a general way, that workmen should use the proper speed and feed for work.

Now, I will say right here that the very elaborate explanation that Mr. Barth gave yesterday of his method of ascertaining the proper speed and feed could not be figured out by the workman as he figures it out, but the workman is accustomed to looking at a lathe, say, for instance, and he knows what kind of a tool he has got, and he can figure out by his experience—he knows it intuitively—about how fast that machine should run to keep that tool sharp until he gets to the end of the cut. If he has any number of pieces to make, he may experiment, and he does experiment. He will throw on a little heavier power and faster speed, until he gets the proper speed, and it does not take him much longer to ascertain that than it does for a man with an elaborate set of figures to sit down and figure it out. It might be likened to analyzing the air a man breathes. I take it that some scientist, if he was like efficiency

engineers, might wonder how people were able to breathe before they knew what the air was composed of. It is just like ascertaining what amount of speed and feed it is necessary to use at the point of contact with the steel, and in order to find out what it will stand, he will put on a little, and if it will not stand it, he will throw it down. We get that from experience.

Commissioner WEINSTOCK. Now, you heard Mr. Thompson explain to us the method that prevails in the clothing industry. He explained that the worker has an equal voice with the employer in determining the prices, and consequently in the clothing trade the men take the initiative and ask that the system be introduced. Therefore it is evident that in the clothing industry the objection that you have against the system has been removed.

Mr. ALIFAS. Yes.

Commissioner WEINSTOCK. That if the worker has an equal voice with the employer, and the employee is not supreme?

Mr. ALIFAS. No.

Commissioner WEINSTOCK. He is put upon a basis of absolute equality. It is a case of real copartnership between the employer and the employee, and it has worked out in such a degree to the interest of the worker that he now desires it. Therefore would not the whole problem be solved if we transplanted the conditions that now prevail in the clothing industry into all other industries?

Mr. ALIFAS. I will say that that depends upon the character of the work. The clothing industry is such that it lends itself to duplication. There is very little variation in it. But in a machine shop there is a great deal of variation. Mr. Taylor told you that in ascertaining the variation in the speed of the machine there were 12 variables?

Commissioner WEINSTOCK. Yes.

Mr. ALIFAS. One of those variables is the hardness of the metal, which varies a great deal; and it is impossible for you to know until you try the metal, oftentimes, what its hardness is. I presume he guesses at the hardness of the metal and then he figures out how much speed that will take—the way they weigh a hog in Kansas—they put a rock at one end of the beam and a hog on the other end, and then they guess at the weight of the rock. He guesses at the hardness of the steel, and then figures out how fast the machine should run. It is just as easy to guess at the speed in the first place, or to experiment.

But to come back to the clothing industry and other industries, the conditions in the machine shop are so variable that there are no two things alike, you might say—there are so many variables. There are 12 variables in the cutting machine, and that is only a part of the variations which are possible, and that causes so much dissatisfaction where a premium or a bonus or a piece system is used.

For instance, if a man has a certain job to do, and if he has got a certain amount of time to do it, he goes to the tool room to get his tools. Now, tools are used over and over again by different workmen, and they may be worn. They may not be 100 per cent efficient. The workman's time is likely not to be on the basis that everything will be fairly satisfactory, and he finds that he can not get a proper tool. He loses premiums while he is working with a poor tool, through no fault of his. Then he may be waiting for a crane, and he loses premiums through that process. The steel may be hard, and he loses premiums through that. We are told that if it is proven to the management that there are any obstacles that they had not foreseen, they will be adjusted; but I believe it was Mr. Townsend who wrote an article to the American Magazine—I may be wrong about that, but I am pretty sure that it was Mr. Townsend—in which he said this: He said that if you gave men allowances every time they came around and apparently proved that they had troubles, you would never get a job, and that he had to shut down on the allowances altogether in order to compel men to overcome obstacles that he thought they ought to overcome by themselves.

In the machine shop the conditions are so variable that we feel that the workman should not be compelled to stand all the variations. It is just like an insurance company. People may insure—they insure their houses—

Commissioner WEINSTOCK. I have caught your point. It is not necessary to give that illustration.

Mr. ALIFAS. I just wanted to illustrate it.

Commissioner WEINSTOCK. I want to digress for a moment and put Mr. William O. Thompson on the witness stand for a moment or two.

Mr. Thompson, I take it that you are more or less familiar with the conditions that prevail in the woman's-garment industry?

Mr. THOMPSON. I am less familiar with it; but in New York, for instance, repetition is not the rule.

Commissioner WEINSTOCK. How many changes in prices are there in the clothing industry in New York?

Mr. THOMPSON. One firm had 6,800 different styles in a year. That would make 6,800 different prices in a year.

Commissioner WEINSTOCK. That was in one firm?

Mr. THOMPSON. Yes; and there are 1,000 firms.

Commissioner WEINSTOCK. All right. Does the same condition prevail in the woman's-garment industry that prevails in the men's-clothing industry—of both sides having a voice in fixing the prices?

Mr. THOMPSON. They do it in the clothing industry under the protocol; both sides have a voice. But that is because of the complicated nature of the work. A standard has not been arrived at.

In the cloak, skirt, and waist industry, also, women's garments—that appears from the name—they have spent \$40,000, both the unions and the firms, in trying to arrive at some standard or yardstick by which to measure the values. That report has just been completed. I doubt very much that it is the final word in that trade, because I know that they have had great difficulty up to very lately in being sure that they are right, but they have at least got an approximation toward some standard which can be worked out.

Commissioner WEINSTOCK. In both those cases, both sides have an equal voice?

Mr. THOMPSON. Yes; in that case.

Commissioner WEINSTOCK. And the prices are adjudicated by general action?

Mr. THOMPSON. By general action.

Commissioner WEINSTOCK. Do you know of any machine shop where there would be 6,800 changes in a season, Mr. Alifas?

Mr. THOMPSON. I was speaking of a year.

Commissioner WEINSTOCK. That was in one firm, there were 6,800 variations?

Mr. THOMPSON. Yes.

Commissioner WEINSTOCK. How many firms are there?

Mr. THOMPSON. There are 1,000 firms.

Commissioner WEINSTOCK. Is that the average number in one firm?

Mr. THOMPSON. No, sir.

Commissioner WEINSTOCK. That is the maximum?

Mr. THOMPSON. That is the big pumpkin of the show.

Commissioner WEINSTOCK. Is the machine-shop business more variable than that?

Mr. ALIFAS. I have not figured out the variations. Among those there are several thousand pieces, of those styles, that do not vary among themselves.

Mr. THOMPSON. The great reason for that is that the women of the land, fortunately or unfortunately, demand something that no other woman has got.

Commissioner WEINSTOCK. They want exclusiveness?

Mr. THOMPSON. Yes; that is the great problem.

Commissioner GARRETSON. They even want that in regard to men; they want a man that nobody else has got.

Mr. THOMPSON. I am not so sure about that last.

Commissioner O'CONNELL. The question of a change goes to the extreme of whether a buttonhole is up and down or straight across.

Mr. ALIFAS. So far as sewing a seam is concerned, there is not very much difference in the thread or in the hardness of the material; so that you can figure out how long it will take to sew a seam of so many stitches, with a certain number of stitches to an inch. Most of that would reduce itself, then, to some such problem as that. In the machine shop you might take a piece like that, that size [indicating] and they might change the diameter and you could not tell how long it would take to run a cut across that, because you do not know how hard it is. If it was very hard, it would take longer.

Commissioner WEINSTOCK. But somebody has got to determine that, sooner or later?

Mr. ALIFAS. Our point is that you determine it after it is done. The workman is a mechanic, and he endeavors to do the best he can with it.

Commissioner WEINSTOCK. Very well. Let us ignore the method that is pursued in determining the value. The fact is that somebody under the system does determine the value?

Mr. ALIFAS. Yes.

Commissioner WEINSTOCK. All right. At that point do you not meet the situation by giving labor an equal voice with the employer when the moment of determination arrives?

Mr. ALIFAS. Yes.

Commissioner WEINSTOCK. So that there are doubtless difficulties and problems, just as Mr. Thompson has pointed out there are in the woman's garment industry; but they are being met, they are being solved; but it is a progressive science and will never be absolutely solved, because conditions are changing all the time.

Now, if it can be done in an industry so complex, so variable as is the woman's garment industry it certainly ought to be possible to do it in the machine industry, which I take it is far less complex. Therefore, summing up, I gather as the result of my questioning you that the solution of the problem lies in giving labor a joint voice with the employer in determining values.

Mr. ALIFAS. All those details can be determined by conference and agreement and arbitration, I think. There are some things we would not submit to arbitration, however.

Commissioner WEINSTOCK. Those are outside of this particular question. That makes it clear to me, Mr. Alifas, that labor, being given a voice with the employer, under those conditions anything that will develop the worker—and he will not permit himself to be developed unfairly, he will not permit himself to be exploited—

Mr. ALIFAS. No.

Commissioner WEINSTOCK (continuing). Anything under those conditions that develops the worker, increases efficiency, and increases his earning power is a very great blessing to the worker, to his employer, and to society.

Mr. ALIFAS. Yes.

Commissioner WEINSTOCK. I am through.

Mr. ALIFAS. I can say in that connection that there are certain things we would not arbitrate, because even if they were arbitrated and were settled by conference with the employer, at the moment they got them established and he could get along very nicely without us, he could terminate it.

We could not get away from it. That is, he would have his plans all laid, and he would perhaps engage in collective bargaining while he was establishing these relations, but when he got his plans worked out he could get along without it; and there are matters, such as the time study, which we think is one of them; and the premium system is another, which we feel that we could not afford to allow to be introduced under any conditions if we could prevent it.

Commissioner WEINSTOCK. Then, taking the Watertown situation as an illustration, I am, then, to understand this to be your attitude: You ask that labor be given an equal voice with capital in fixing the rates?

Mr. ALIFAS. In fixing the amount that is a proper day's work?

Commissioner WEINSTOCK. Yes. In other words, I gather now, from what you have said in the last few minutes, that you do not want to consider the Taylor system or the systems that correspond with the Taylor system under any circumstances, and yet you ask the Government to give you a voice in wage fixing. What do you propose to concede to the Government in consideration of their giving you a voice in the fixing of wages? You have no right to come into court and ask everything and give nothing. What do you propose to give in exchange for that? If an employee insists upon getting more wages than the employer is willing to give, he goes on a strike or he does other things that are equally bad.

Mr. ALIFAS. That is the alternative. If the employer does not see fit to do somewhere near what labor wants, those are the things he has to contend with, and in exchange for that on these particular things he ought to be willing to arbitrate the thing.

In regard to such things as the premium system, that is a very radical change in the method of paying the machinist compared with what he has been accustomed to doing for a good many years, and he believes that he has discovered in the task system, other than the day system, the stimulus might be too much, and he can not afford to bargain too much in regard to it any more than a man who is susceptible to alcohol could afford to compromise on the matter.

Commissioner WEINSTOCK. What you have stated in the last sentence has put me up in the air as to where we are at. I understood this, that the objection you had to the so-called Taylor system was the fact that it was arbitrary, that labor had no voice in determining the conditions or bonus or premium, or whatever it was, and that if the same conditions could be established that prevailed

in the clothing industry there would be no objections to it. Then you turn around and say, "I would not have it under any circumstances." I can not reconcile it.

Mr. ALIFAS. On that particular thing I believe you are assuming that we had ideal conditions, and on that basis could afford to compromise, but now here is some one thing that the laboring people do not want to do, and if they do not want to do a certain thing the people of the United States have a right to say that they do not want to do it, even if some people could prove to them that they would be financially ahead by it. In regard to such a matter how can you compromise on a matter that you do not want to do at all? There is no halfway measure between a day work system and the premium system. We do not want to operate on a basis of pay that is variable, like the premium system, because we think that the day work furnishes stimulus enough. If we do not want any more stimulus than that how are we going to compromise on it?

Commissioner WEINSTOCK. We are told by representatives on the other side that there are tens of thousands of workmen in the United States, union and nonunion, who are working under this system, and who do not have to do it if they do not want to, they can quit, and the proof that they are willing to do it is that they do not quit, the fact that they do it.

Mr. ALIFAS. The fact that they continue to do it is evidence that they do want to do it?

Commissioner WEINSTOCK. Surely.

Mr. ALIFAS. At the Watertown Arsenal they are working on the premium system, and a very large percentage of them are utterly opposed to it.

Commissioner WEINSTOCK. That is a mere matter of opinion; that is not a fact. It is demonstrated, because on the opposite side it is said that they are satisfied.

Mr. ALIFAS. Who says they are satisfied?

Commissioner WEINSTOCK. Gen. Crozier, who was here, made that statement, that he has had no complaint.

Mr. ALIFAS. Suppose I was working at the arsenal, and Gen. Crozier said that I was satisfied and I said I was not; who would you believe?

Commissioner WEINSTOCK. If you were working there I would take your word, of course.

Mr. ALIFAS. The employees down there are the ones that I have been talking to on this proposition, and I have understood from the employees who have gathered the information, and also judging by the large petition that was sent to Gen. Crozier, that they do not want the system, and they had a petition signed by 800 people that was sent to the chief of ordnance last September, asking him to abolish the system; they didn't want it. That, to me, is evidence that they do not want it, no matter what anybody else might say; somebody else is not authorized to speak for them; they can speak for themselves.

Commissioner WEINSTOCK. It is very evident, then, that there is a very pronounced conflict of opinion.

Mr. ALIFAS. I have asked at least half of them collectively at the Watertown Arsenal, just offhand at a meeting of this kind, in which I endeavored to get at their true sentiment on this. If they would rather give up the premium system as it existed there, and not get the premium, but go back to day work, and they said they would.

Commissioner WEINSTOCK. How many have you asked?

Mr. ALIFAS. At that particular time I asked about 75.

Commissioner WEINSTOCK. How many are employed there?

Mr. ALIFAS. Well, there might not have been over 60 at that meeting.

Commissioner WEINSTOCK. How many are employed there?

Mr. ALIFAS. There are, I think, about 130 machinists.

A Voice. I would like to make a statement as an employee of the Watertown Arsenal.

The ACTING CHAIRMAN. I do not think we can have that. We will call you at some other time.

Mr. ALIFAS. I will say offhand 130 machinists.

Commissioner WEINSTOCK. And you say there were 60 present at the meeting?

Mr. ALIFAS. Yes.

Commissioner WEINSTOCK. Was their opinion unanimous?

Mr. ALIFAS. Yes; there was not a single man that would not rather give up the premium and go back to day work.

Commissioner O'CONNELL. You were at the Watertown Arsenal just recently, during the investigation?

Mr. ALIFAS. Yes.

Commissioner O'CONNELL. How recently?

Mr. ALIFAS. Last week.

Commissioner O'CONNELL. This talk you had with the men was as recent as last week?

Mr. ALIFAS. Yes. May I say another thing in regard to this yard stick that you spoke of some time ago? The idea, as I understood it was that the customer had a right to demand that the persons he bought cloth of should use the yard stick to measure it off.

Commissioner WEINSTOCK. And not use his eye.

Mr. ALIFAS. And not use his eye. I do not think that is exactly applicable to this. This system would put that question in this way; that the customer, who was the employer, buying the labor from the laboring man, has a right to go to the laboring man and say, "Now, you propose to sell me 6 cents worth of cloth; now, I am going to investigate your books and see how much cloth you can sell for 6 cents, and then I will say that that is the amount I want." That is a little bit different. The employer proposes to see how much the employee is able to sell him, how much he is able to do. Now, we are not asking the employer to open up his books and tell us how much he is able to pay, and then proceed to make him pay that, and we do not want him to try to find out the very maximum that we are able to do and then try to make us do it; it is a fair bargain to say, "Such an amount of work for a day's work is all we want you to do, and if you are satisfied to accept that as a day's work for so much, it is a bargain." A man does not have to work at his top speed if he does not want to. If he wants to take life a little bit easier and make a little less money, that is his business.

The ACTING CHAIRMAN. I think that is all, Mr. Alifas. We are much obliged to you.

TESTIMONY OF HENRY LAWRENCE GANTT.

Mr. GANTT. I would like to have somebody pretty soon bring that blackboard up here, because I am going to want to make some diagrams.

Mr. THOMPSON. Will you please give your name and address?

Mr. GANTT. Henry Lawrence Gantt, Montclair, N. J.

Mr. THOMPSON. And your profession?

Mr. GANTT. Consulting engineer.

Mr. THOMPSON. In your work as consulting engineer have you had anything to do with scientific management?

Mr. GANTT. I have been introducing what is generally called scientific management for some years.

Mr. THOMPSON. Where have you introduced it, if you care to state?

Mr. GANTT. I have no objection to stating those places which are commonly known, but some of my clients wish not to be mentioned in this matter.

Mr. THOMPSON. State those who are commonly known.

Mr. GANTT. One that has been spoken of here, the Sales Bleacheries, and the Brighton Mills, both textile concerns.

Mr. THOMPSON. Are there any others you would care to name?

Mr. GANTT. I have done some little work for the Amoskeag Manufacturing Co.

Mr. THOMPSON. In what other lines of industry have you put in your system?

Mr. GANTT. I have been connected with shops of various kinds, but inasmuch as I have only been connected with one shop of that kind of industry I would be substantially giving away my clients' names if I should do so, but I am perfectly willing—there is one case I think I can state without difficulty—I have been doing some work for the Remington Typewriter Co. and some work for the Standard Oil Bearing Co., of Philadelphia.

Mr. THOMPSON. In the introduction of scientific management in the shops you generally divide it up into two parts, do you not; first, that which deals with the mechanical end of things like routing, new appliances, etc., and then that part which relates to the management of the men?

Mr. GANTT. Yes, absolutely.

Mr. THOMPSON. Mr. Thompson stated on the stand this morning that in regard to additional efficiency that is obtained in the shops, that about an equal percentage comes from each of those divisions; that is, it is about equal. Is that the idea?

Mr. GANTT. I should say that rather more than 50 per cent came from setting your house in order, which in my experience takes at least a year in any shop of any size, and oftentimes longer. I have a shop on hand now where we have been working at it a year and we have not nearly got things in anything like the shape where we could begin to do the kind of things we have been talking about at this meeting. I have never done any job exactly as I would like to do it. I have never gotten any problem solved to my entire satisfaction. I have gotten a great many things done, and some shops are running very well, but I do not feel that I could say that everything has been perfectly installed anywhere.

Mr. THOMPSON. Briefly, to what is that due?

Mr. GANTT. That is due usually to the fact that those in particular when they get a certain amount done are satisfied; they are satisfied they can do the rest. I might say—but perhaps I have answered your question.

Mr. THOMPSON. Then it is not on account of any opposition from labor that you are not permitted to install the system completely?

Mr. GANTT. I have never had any opposition whatever from the workman that was not immediately overcome as soon as he understood what we were doing. If you would like, I can go into that subject and explain, but that is with you.

Mr. THOMPSON. You may do that, Mr. Gantt.

Mr. GANTT. Before I undertake to do any work for any concern, I ask the people employing me or who contemplate employing me, to read this little book, Work, Wages, and Profits. I ask those people who have in mind employing me whether they are in accord with the idea expressed in that book of how to handle their workmen and what share the workmen shall have in what is being done. Unless they are willing to subscribe substantially to what I have written in this book I have always declined to do any work for them.

We then start there. One of the things said in this book is that when a task has been once set that task remains permanent unless the method of performing the work is radically changed.

Another thing is that we shall use no coercion with any workman to cause him to do as we ask, and that no discrimination shall be used toward a workman, provided he objects to doing what we have set out for him to do.

Therefore, when a problem has been studied and a task has been set, if the workman does not wish to perform that task he is free to refuse to do it. Do you wish any illustrations? I can give you names where that policy has been carried out, and the illustrations are in this book.

Mr. THOMPSON. Do you know what happens to him if he refuses to perform that task?

Mr. GANTT. Yes; I can give one illustration. In the Brighton Mills we started to put some task work on looms run by three men. Two of those men started. The third one said he did not want that. After trying the work for a day or two, we found that the conditions had not been sufficiently perfected or standardized, and preparations had not been sufficiently completed to enable us to supply those men with the proper material in the proper condition to do their work satisfactorily. They were unable to earn the bonus. They were then told that "We are not going to ask you to earn a bonus on this work until we can get these conditions right." It took about a week to do that and at the end of that time, when we started up again, the man who had declined at first asked to be allowed to do it.

You will find that on a chart opposite page 182 of this book to which I have referred. You will find three Greeks. The one at the top is the one that did not do it. His name is Papadimitre. But, to make a long story short, that man earned his bonus almost continuously after he once got started, and since that time he has become an instructor of weavers in that mill. The man is a Greek.

In explanation, for the enlightenment of those who are not familiar with these charts, I will say that we keep charts of this character for what people we have on task work. We make a black mark opposite the workman when he makes his bonus, and we make a red mark when he fails. We keep that kind of a record in every place we go, and we keep that kind of a record of all individuals. That record is open to inspection of the employees of that mill. It is used continuously. Whenever there is any dissatisfaction they are brought in and asked to look at this chart and see what the trouble is.

Perhaps I had better explain one of the things which will be necessary to understand if I am going to give you a clear idea of our form of paying bonuses.

The term "the bonus system" has been used. There are a great many bonus systems. The term "day work" has been used, which we all know about, except this; it has been assumed that day work was the panacea for everything. Apparently that is believed, as I have seen some of the worst bosses under day work that I have ever seen anywhere; but the probabilities are that everybody has seen them. No system is going to change human nature, and I do not believe a system of laws will change human nature. I have been able so far to ask, before I undertake the work, "Will you conform to the rules of the game we have laid down here?"

I would like to explain the way in which we pay a bonus, because there seems to be a great deal of misunderstanding on this general subject. In my testimony I wish to say that I have had very little experience with or knowledge of any work done by anybody except myself; so that my testimony is not of scientific management or efficiency systems in general. It is only of the work which I myself have done. I have been into almost none of the shops where other people have done work. If I mark off this horizontal line in equal distances on the blackboard and call each distance an hour, and represent that as the amount of pay for one hour, then the length of this line [indicating] represents the amount of pay for two hours, this [indicating] would be three hours, this [indicating] would be four hours, this [indicating] would be five hours, and this [indicating] would be six hours, the assumption being I have drawn my lines correctly. If a man is working on day work, he works one hour and gets that amount of pay; for two hours he gets that amount [indicating], and so on. Let us suppose we have studied the task—and I want to say, in order to save time, that I am substantially in accord with Mr. Thompson's description of the method of setting tasks or making time studies. I might add, though, that I have not any objection to having anybody present when we make all of the studies we are going to make. We do not ask anybody to perform a task unless we have entirely satisfied him that that task is an executable one. We do not discriminate against him if he refuses. We believe it is up to us to make the inducement to him such that he will do it willingly. You will find in this book the basis for that, at page 20:

"In considering the subject of management we must recognize the fact that in this country, so long as a man conforms to the laws of the State, he has a right to govern his own conduct and to act in such a manner as his interests seem to dictate. Granting this, it follows that any scheme of management to be permanently successful must be beneficial alike to employer and employee."

By beneficial, I do not mean only to give him more wages. He must consider it beneficial. I should decline to do any work where I could not convince the workman that it was to his interest to do it.

I will break off here for just a moment and say there have been a lot of questions about scientific management. There is one objection to the term, namely, that it is an implication that other things are not scientific. That point has been raised, and I think it is a good objection. But, all things considered, it seems to meet the case better than any other. However, I do not use it any more than I have to. I prefer for my work "modern organization."

There is one thing here which I have defined, "System of management":

"A system of management may be defined as a means of causing men to cooperate with each other for a common end. If this cooperation is maintained by force, the system is in a state of unstable equilibrium and will go to pieces if the strong hand is removed. Cooperation in which the bond is mutual interest in the success of work done by intelligent and honest methods, produces a state of equilibrium which is stable and which needs no outside support."

I am reading these things to you because they are things which I ask the people I work with to subscribe to before I start.

It takes anywhere from one year to two years before we can get to the point of making time studies or setting the tasks. We find all kinds of conditions that would hamper us if we started out at once. Usually the delay in work is that they have not got the material or have not got the tools or have not the means of getting proper information to the people at the right time. It takes quite a time to get a system of planning and routing, which enables them to give that information, and to get the information where the man wants it.

I want to say that if I go into a shop where there is piecework, one of the first things I do is to ask that the piecework be abolished and that a day rate

be established, such a day rate as is satisfactory to the workmen. If these people have been making an amount of money considerably in excess of what the ordinary day rate is in that community, the day rate is made satisfactory to them. It must be very close to what they have averaged on piecework. That is the only way in which we can do anything satisfactorily, because the day rate is the basis of everything. If there is no day rate established, and if it comes to a question of establishing the day rate, there is no objection whatever, in my way of thinking, to settling that by any means the management sees fit, in conjunction with the workmen—collective bargaining or any other way. It does not affect my work in the slightest, and I do not see any reason why there should be any difficulty in that matter. In this case suppose a man has work and has a day rate. In many cases I do not know what the day rates are. I much prefer not to know what the day rates are. But if a man has a day rate, which is represented by that mark [indicating] for one hour, and if he works two hours he will get that, three hours that [indicating], etc. If by the methods Mr. Thompson has described, we find that task is one which should be performed in five hours, and it has been decided the amount we are going to give him for that five hours' pay, the amount he gets if he does the work in four hours is five hours' pay. If he does it in less than four hours he gets five hours' pay. If he takes longer than four hours he takes his day rate. That is all there is in the bonus system which I operate. If a man does it in less than four hours, he gets that amount. If he does it in four hours, he gets that amount. If he does it in more than four hours, he gets the day rate.

There has been one factor in this which has not been brought out, namely, the idea of training the workman. We do not put green men in and expect them to do things without any training. We believe the man to study the job is the man that knows most about it. We like to get our study man from the shop. We like to have the best man there and to make him an instructor. He takes the men and trains them and teaches them how to reduce their time from six or seven or eight hours down to four hours. That we believe to be one of the best investments we can make.

When we have taught this workman how to perform the task in that time he goes out and does it. Let us suppose he fails to perform it at any time. That is immediately investigated. The cause of failure is immediately investigated. When a man turns in a time card showing that he has finished a job the clerk at once calculates whether he has made his bonus, whether he has done it in the task time or not. If he has failed to do it in task time that card is given to the foreman at once, and he must find out the cause of the loss and write it on the back of that card. We find that those causes are very much more apt to be the fault of the management than the workman. If the task has been fairly set, those things are very much more apt to be the fault of the management than the workman; that is, the management has failed in some respect; the material is not what it ought to be, the tools have not been kept in repair, or somebody has failed to do his duty. Then, we want a report on the back of that card as to what the foreman is going to do and what arrangement has been made to obviate that difficulty in the future. Those cards are summarized and then given to the superintendent. Every red mark on these charts, as we do the work, represents where somebody has failed to do the work as well as it ought to be done, and there must be an explanation of that go to the superintendent.

There are some other things that I want to bring out with respect to this. We have talked about planning and routing. If we have a properly balanced shop we have so many tools of one kind, so many tools of another kind, and so many tools of another kind, and we know that such a tool should get out so many pieces, and this tool so many pieces, and we want to balance those up so we will know each day what we are going to get.

After we have set the task, when the task is performed regularly, we get that man on a basis, and we can depend upon that man for the work he is doing; we can depend upon that number of pieces for the work in the next department—perhaps assembling our machines. It is therefore to our interest to get that amount of product, but it is not greatly to our interest to exceed it.

In setting tasks, I may say we always give the workman the benefit of the doubt. We expect him to make 10 or 15 per cent over and above his task; to do 10 or 15 per cent more than the amount called for by the task.

When you get to New York I think there will be some gentlemen there who would be glad to show you what they are doing in their work in these lines. I asked your chairman if he wished me to present any charts and so on with regard to that. He said there would not be time here, which I realized.

I want to show you one just for a moment; I want to show you a chart which I can not put in the record, because I am not at liberty to do it. You will be able to see it when you get elsewhere. These charts were actually kept. There is one with quite a little red on it [indicating]. There is one which has a good deal less. We have charts enough of this character to paper these walls here, in the different places.

The answer to one of the questions which has been troubling the commission seems to me to be this: If we can have publicity as to what is being done in this work we will answer a good many things. I do not know that that will solve all our trouble, but it will put us in the way of finding out the facts. Eight years ago that seemed to me to be a good thing, and I began to make these charts. If those charts are carried out, and they are made available through publicity, it will make it impossible for a concern to exploit its workmen to any very great extent.

Every red mark on there means that the workman failed to perform his task, and an investigation is made as to why he failed.

Now, we also ask them, at the direction or discretion of the superintendent, that a man shall be awarded his bonus even though he fail to perform his task. The troubles that have occurred in the changing over to scientific management are undoubtedly due to the fact that changing a system of management, where everybody has his own idea of his rights and privileges, is a very serious matter, and people have gone at it with that idea in mind, that they must have what they want, you know; there are people who think they must have what they want, and there are some other people who think they want the same thing, but they can not have it, in which case they can get a compromise, usually, if they go at it slowly enough. Perhaps I have given that part sufficiently in detail.

Mr. THOMPSON. With reference to your illustration, Mr. Gantt, in which you pay five-hour time for a four-hour task, what would be the objection, say in a case like that where two days' tasks were performed in an eight-hour day, to saying, "We will pay a daily wage." Let it be understood in the shop that it would be based upon the performance of two of those tasks. What objection would there be to that and not to establish any so-called bonus, as it were, but to allow 10 hours for 8 hours' work, the understanding being that two tasks should be performed?

Mr. GANTT. That is just exactly the idea I had reference to when I spoke of the abuses in the daywork system; they call it daywork, but it was a stunt system, which practically amounted to that.

Now, I do not know how you can prevent inconsistencies and things of that character cropping out anywhere except by publicity.

Mr. THOMPSON. I will ask you this: Is not the fact that you give a man an extra hour for completing a piece of work in four hours, is not the result of that apt to be the incurring or causing the worker to believe that he is being forced ahead by a bonus, and that there is something unusual and unnatural about the thing, that a piece of work can be normally performed in four hours, and he is to be given an hour extra for its being performed in that time?

Mr. GANTT. In most of the places where I have been the people have been willing and have been glad to get more money, if they could get it, and that question, as you suggested it here, has not arisen in my knowledge; but if the subject had been brought up and the speed had been set—now usually that job is done in 8 or 10 hours, without any instruction or teaching. Let me explain just for a moment. Most men who are familiar with shopwork of any kind know that there are some people in these shops who can do two or three times as much as the ordinary man in that shop. Now, the best use you can make of a man who can do that is not to make a pacemaker of him, but to make him an instructor, if you have simply daywork and nothing else, make that man an instructor to teach the other people how they can do it, you will get a great big improvement.

Now, if you set a task, and when you find out the reasonable amount to be done, you set a task and have this man act as instructor and pay the man who was doing it in eight or nine hours, and show him how to do it easily in four or five hours, he is glad to receive pay for the four or five hours, as a rule.

Mr. THOMPSON. In the minds of some people, is it not difficult to make them believe, as I have said before, that there is no trick about it, and that it is offering something to them by which they will speed themselves up to get more pay, because it is not in human nature to make people believe that an employer

is willing to give five hours' pay for four hours' work, but that there is something back of that?

Mr. GANTT. You know to give the employee enough to make him want to do it. Here is a general statement, I might say. A man hires himself out, and he is making \$2 a day, if you wish. He has been working as he saw fit, and willing to go along as he saw fit and make that \$2 a day. Now, he will obey instructions and work in any reasonable way that he is asked to work, provided a proper inducement is made to him to do it, and he will obey instructions, if he is accustomed to work on his own initiative, as a rule, when there is some inducement to have him do it. How much inducement do you have to give? That is the inducement [indicating blackboard].

Mr. THOMPSON. Turn it around for a moment. When you make a time study of a task and finally determine on four hours as being the proper time, your desire is to find out how much waste movement or other thing you can eliminate, and with that eliminated what time it should reasonably and fairly take to do the work.

Mr. GANTT. We do that before we set the task. We find out how much time it should reasonably take, and we do not set the task for four hours unless we find that four hours is a reasonable time, and ample time, to do the work.

Mr. THOMPSON. It is an attempt to set what would be a fair standard for that piece of work?

Mr. GANTT. Yes.

Mr. THOMPSON. And by setting a fair standard for a piece of work, and let the workman be advised, and the employer as well, as to how much time one man should spend on that piece of work?

Mr. GANTT. Yes.

Mr. THOMPSON. That is the only thing that can be, is it not?

Mr. GANTT. Yes.

Mr. THOMPSON. And if that is fairly and conscientiously made and determined with some expertness, then it really represents an ideal time in which the job should be performed?

Mr. GANTT. Yes.

Mr. THOMPSON. Making all human allowances?

Mr. GANTT. Yes.

Mr. THOMPSON. If that is so, why could not a day rate then be made for the worker under which he shall be paid a certain standard wage per day, with the understanding that he is to perform during that time this particular task, that he should perform two of those tasks in a day, an eight-hour day.

Mr. GANTT. Oh, that is a perfectly legitimate thing to do, and I can see in many cases where it would work out very nicely.

Mr. THOMPSON. If there is in the minds of many workmen some idea that there is a trick in this bonus or premium proposition, and it seems an unnatural thing to them that a man should pay an extra hour when they did not perform the work, this day wage would eliminate at least that proposition, wouldn't it?

Mr. GANTT. Yes.

Mr. THOMPSON. And so far as what amount should be performed is concerned, it eliminates that, because you have already set your time study and your task?

Mr. GANTT. Yes.

Mr. THOMPSON. In your opinion any objection to the bonus or task could be eliminated by day work?

Mr. GANTT. I do not really know exactly what you mean, because that does not look like an objection to me.

Mr. THOMPSON. Well, if there is an objection on that ground, it would be eliminated?

Mr. GANTT. You would find it extremely difficult to carry that idea that you have there out; to adopt it as a general scheme. I think the theoretical idea—I will grant you—might be all right, but at the same time I should not like to operate a scheme of that general character.

Mr. THOMPSON. In many cases is not the task system set on the product of the day's work?

Mr. GANTT. It is usually set on the product of the day's work. My absolute principle is that if a man does in one day what is required of him, he gets paid for so many hours over and above the day.

Mr. THOMPSON. Why not, then, make a standard based on that, and say and have it understood "This is a task that a man must perform in order to earn that wage?"

Mr. GANTT. That would mix up the thing which I have tried to get out of. I have tried to leave the labor unions entirely free to handle their collective bargaining idea on the subject of the daily wage; not to get into the daily-wage question. I would much prefer to have that daily-wage question settled outside of my work entirely; therefore I would prefer only time.

Mr. THOMPSON. On that point, just to pin that down; when you have set this task of four hours, in reality the scientific part of your work is done?

Mr. GANTT. Oh, yes.

Mr. THOMPSON. The other is merely a matter of inducement?

Mr. GANTT. Yes.

Mr. THOMPSON. Really managerial inducement?

Mr. GANTT. Yes; managerial inducement. It is a question where you can bargain or where you can agree. I do not see any reason why that can not be settled by any reasonable agreement between people.

Mr. THOMPSON. In illustration of what I meant there I will give you this illustration: In a certain clothing shop where there are 800 cutters, the men are paid on a weekly wage basis, and these men vary, each man from the other in the shop, but it is understood as an element of return that the wage should be earned by the operator on the basis of the number of cuts he makes, and as a study of what that should be, a rate of 52½ cents has been set in that shop. If the cutter falls down for a couple of weeks in earning his weekly wage, by reason of not making a sufficient number of cuts, he is notified by the firm that his wages will be reduced at the end of the next week if there is still a falling off. If the falling off continues there is a cut. In the same way if he continually improves his output his weekly wage is increased.

Now, assuming that the price per cut has been nearly scientifically adjusted at 52½ cents, what objection can there be to that system in which the weekly wage is paid, and not a bonus or piecework or task?

Mr. GANTT. The weekly system, I do not see any objection to that, from the point of view of general considerations; the consideration which I find, though, is that it looks to me to be a very important one, namely, that the daily accounting is very much better for everybody. These men know to-morrow morning at 9 o'clock whether they have earned the bonus to-day or not.

Mr. THOMPSON. Let me just put a question to you there. The objection, if I understand it, which is made by labor, organized labor—which is perhaps the only labor that is qualified to speak, because the other people do what they are compelled to do in the shops—they take the job or leave it alone—but the objection is that it causes a man to speed up each day. Now, if a man should feel a little under the weather one day, he would feel that he could make that time up the next day; if he felt under the weather a couple of days, he could still make it up at the balance of the week; but here every day he is put to a test, and there is a specific and daily loss each day, and, as I understand it, under some of the systems, if he fails to cover a certain amount a day he makes quite a loss per day; it might amount even to a dollar by falling off in even a quarter of his task.

Now, does not this weekly wage give a better opportunity for a man to perform his work, provided the task has been set scientifically to the time it should take, or as to the money value of it?

Mr. GANTT. With regard to that I want to say that I have had a good deal of difficulty with some of my friends in getting them to allow me to pay the task by the day. So many people want to do it by the job. If the job only lasts two hours they want to say that he either earned or lost his bonus on that, but my experience so far is that the average for the day is very much fairer than in an attempt to do it at shorter intervals, do it by the day or week. I do not know just exactly what the effect would be, but the workman likes to know each day what he did yesterday.

Mr. THOMPSON. But assuming that the objection of the workingman was the fact that he was held down to each day in the latitude of time to cover shortcomings—

Mr. GANTT. I do not know that there would be any serious objection to that; I do not believe it would be as good a thing for the workingman in general, and I do not believe it would be as good a thing for everybody, because there is an element in that which I want to bring out, that if we ought to have so many pieces per day to assemble a certain machine, we have counted on so many pieces for that machine in order that we might assemble something out here, it is very important that we should have that many pieces per day.

Mr. THOMPSON. Is not that just the very reason why there is an objection?

Mr. GANTT. May be.

Mr. THOMPSON. Because there is a necessary speeding up of the man when he does not feel like it? That is to say, the task which he could do easily in four hours, the day before it might have been a little too much for him?

Mr. GANTT. Under those conditions, if that man should come in the morning and say, "I do not feel like working task work to-day, I am not feeling very well," he would always be relieved and given some other job under my scheme.

Mr. THOMPSON. But you know that very few men, even if they are in an independent position, like to confess an inability, even for a day, to do their job.

Mr. GANTT. You understand what I am trying to get at. I have tried in all the ways I know how to make this work, as near as possible, equitable between employer and employee. I do not feel that I would be making anything that would be permanent if I did anything which seemed to me to allow one to take advantage of the other. I will talk to you about that later if you wish me to, but you have brought up a question there that is an entirely new idea to me, and I have not given it any thought, and I do not know.

Mr. THOMPSON. I might say that we have had it worked out three years satisfactorily where 800 men were employed.

Mr. GANTT. It may be worked out; I will not say that it will not, but it is an entirely new thing to me, and my opinion would not be of any value, or worth a great deal.

Mr. THOMPSON. And they have tried to be equitable in their work, as to how much time it ought to take. The man devoted to that task alone is paid \$20,000 a year to see that the firm gets what is coming to it.

Mr. GANTT. I would like the job.

Mr. THOMPSON. Yes. Of course, he works pretty hard, though. Now, do you see any objection to the workman who is asked to cooperate with a plan or proposition of the kind you mention taking part in the development of it?

Mr. GANTT. I do not see any objection to it. I will tell you in regard to that. Here is my experience: As I said before, putting the shops, whatever they may be, in shape for us to begin and make such set tasks is quite a long job. During that time the people engaged in this work of getting the shops in shape become acquainted with the workmen and with the foremen, and if they are not capable and honest people these workmen and these people find it out. I do not find any objection on the part of the workmen if the man who comes out there to show them and set their work is really a capable and honest man. If he is not, he is going to make trouble, and I uphold the workmen in the trouble when they make it.

Now, usually of the people that I have got on the work, the workmen seem to have more confidence in them than the management has. I find every now and then when something is done, and when my man makes a report, I find somebody from the head office comes and sneaks around to find out whether that report is true or not. I could give you—I am not at liberty to do so, but I could give you illustrations of where the workmen absolutely are willing to do and believe what the men representing me have told them, far more so than the management—and I was hired by the management. I do not understand it, but that is a fact.

Mr. THOMPSON. Is there anything in the scheme of scientific management which would have of necessity eliminated the voice of the worker in the setting of the time standards and the tasks?

Mr. GANTT. Of course, what we have done is this: The task setter—Mr. Thompson gave you the specifications of the men who could make time studies and set tasks, and I am very much in accord with Mr. Thompson—the man who has not had an education which has fitted him to make a study of any kind on the job is apt to make a great many errors, and when he is shown these things and gets into it we do not have any difficulty with him at all. We do not make any study on any workman unless the workman is perfectly willing that we should do so, and I might say that it is my practice not to give a workman on any study any additional pay while we are making the study unless when the task is set we give that person the first show at the task.

Now, listen to that carefully, because that means a whole lot. A man or woman whom we study to set a task knows that when we take his or her time on that that we are going to give him or her the first privilege of making the task.

Mr. THOMPSON. What is the reason you do not give them extra pay?

Mr. GANTT. We do not give them—if we select them, then we go back and pay them a bonus for that time.

Mr. THOMPSON. Why don't you pay them the extra bonus or extra pay, rather, while they are being time studied?

Mr. GANTT. Wait a moment. Perhaps I made a mistake in what I said there. I said I did not advocate the method I spoke of, but I think it is done in some places.

Mr. THOMPSON. Why don't you advocate it?

Mr. GANTT. We do not want these people to speed up during that time. We want to get the facts. Mind you, I want to follow up Mr. Thompson's statement that scientific management is management by means of facts. Most management of every kind is management by means of opinion. Now, if we can differentiate between facts and opinions, we have got something, and we want to get the facts. It is facts that we are after, not to overspeed persons. We have had girls get very nervous when we studied them. They speeded away up. Well, we left them; we didn't want them to do it.

Mr. THOMPSON. Why wouldn't that objection you make to the operator speeding up while you are making the time study apply equally to when they are performing the work?

Mr. GANTT. We find this: That if I say too much to Tom Jones about working too hard, he don't like it. He says he guesses he knows how hard he can work. I have found that that usually settles itself, that they do not naturally take a pace which is killing unless there is some absolute reason for doing so; and later I can give you some data on the effect of it.

Mr. THOMPSON. Do you generally state to the person who is being studied, or to the shop in general, that it is done for the purpose of setting the task record?

Mr. GANTT. There is no question about their knowing that; they all know it.

Mr. THOMPSON. Is the work done in view of all the shop?

Mr. GANTT. In the view of everybody. We particularly object to getting off in some corner and doing it. We do it in the view of everybody, and with the person in front of the machine wherever possible.

Mr. THOMPSON. Then, you know of no reason why the worker should not have a voice in the determination of the time standard?

Mr. GANTT. We allow them a criticism in detail, and if there is any objection to it in any way we go over it part by part with them; and when we have done that we have never had any serious objection.

Mr. THOMPSON. What objection would there be to allowing the workers an equal voice?

Mr. GANTT. Just exactly what do you mean by that?

Mr. THOMPSON. I mean in case the representative of the workers disagreed with the employers, that they would then have to refer the matter for adjudication, or have to convince each other.

Mr. GANTT. I am not in favor of arbitration.

Mr. THOMPSON. Put it in this way, that in case the worker did not agree with the employer, it should be thoroughly understood that the employer could not put that task into operation.

Mr. GANTT. Unless the worker feels that it is a fair task, we do not ask him to perform it.

Mr. THOMPSON. What would you say about an agreement being made with the workers as a whole that unless their representatives agree it shall be referred?

Mr. GANTT. I have never considered that. I have never thought into it, but I have made that statement in this book, that we would use no coercion. It seems to me that covers it. It has covered it up to this time with me.

Mr. THOMPSON. In that event that would practically mean, when crystallized into the terms of an agreement, that the workers should have no agreement?

Mr. GANTT. Should have no agreement.

Mr. THOMPSON. Yes.

Mr. GANTT. It seems to me that covers it. It has covered it up to the present time.

Mr. THOMPSON. That is all I care to ask.

Mr. GANTT. Let me explain one other thing, if I may. The question has been raised about the quality of work. Now, we have discovered a very interesting thing about quality. If a man is comfortably busy, so that he has not time to stop and do other things, his work is better than if he has time to stop and think about something else; and that is especially the case with girls. If a

girl has enough work to keep her comfortably busy, so that she has to keep her mind on the work all the time, her work will be of a higher quality than if she has time to stop and think about something else, and talk about last night's party, and so on. Her work goes off, then. We find that same thing in weaving work and other work. A man running just enough looms to keep him comfortably busy, we find, is happier and does better work than a man who has not quite enough to keep him busy, and sits down and gets to dreaming about something—of course, I do not mean that he should never sit down—gets his mind on something else. Then he finds that he has got a whole lot of stuff in there to pick out. What we want is to give them enough work to keep them in a healthy condition of activity. In that way you get the best work. There is a point there that I hope to be able to give some light on some day, but I have not got it yet. There is the question of quantity and quality, where you get to a peak where those two things make a maximum.

The ACTING CHAIRMAN (Commissioner Delano). We will adjourn this meeting now, and will ask you to come back to-morrow morning if you will.

Mr. GANTT. That will be rather inconvenient for me. Do you think you will want me very long?

Commissioner LENNON. Mr. Thompson has asked all the questions he has to ask of Mr. Gantt.

The ACTING CHAIRMAN. Mr. Thompson has finished with the direct examination, but I supposed members of the commission would want to ask you other questions. Mr. Garretson, have you any questions to ask?

Commissioner GARRETSON. I have about two or three.

Commissioner WEINSTOCK. I have none.

Mr. GANTT. I am not quite through. I should like to read something here that will take me about five or ten minutes.

The ACTING CHAIRMAN. One reason why we must adjourn very soon is that we are required to give up this room at six o'clock. The hotel requires it. For that reason we would have to adjourn very soon, but if you have very little to say, we might have time for it.

Mr. GANTT. I have very little to say, but I would like to answer your questions.

Commissioner GARRETSON. You dwelt, time and again, on the fact that there is no coercion used.

Mr. GANTT. In my work.

Commissioner GARRETSON. Oh, sure; but what I want to know is: What happens to a man if he keeps on refusing long enough?

Mr. GANTT. Now, we have not had that condition obtain at all. If the task is right, we have not had that. I do not know just exactly what might happen in the long run, but we have had this case where that did happen, and the local system superintendent undertook to fire a person, and the general manager ordered him taken back. He had not agreed to do the things according to this—

Commissioner GARRETSON. Did that man go on working at the old rate while everybody else had the new one?

Mr. GANTT. No; he—well, I really do not know. I have forgotten the details of it, and I would not like to say. I know that the thing went off all right.

Commissioner GARRETSON. I could not see how the old system would be continued for one man while a new system went into effect for all others.

Mr. GANTT. Excuse me—as to the day work, there is no place in which all the people are working under a task system. There is great deal of day work. In fact, in most of the factories where I have had anything to do we had a great deal of day work. There is day work available for a great many people.

Commissioner GARRETSON. Mr. Gantt, what is your standard of judgment of men under certain conditions? We will assume that we have a man who has given a pretty thorough study for, say, 15 or 20 years, to the problems involved in the industrial connections. Is your standard of honesty and intellect for him based on whether he agrees with you?

Mr. GANTT. I should not like to say that, Mr. Garretson.

Commissioner GARRETSON. I did not know.

Mr. GANTT. No. You know, I am only one of a great many people. I do not claim any supernatural powers, or anything like that. I am only one. I am a Democrat.

Commissioner GARRETSON. I am not.

Mr. GANTT. Well, I am. One of the things I was going to read was what my ideas were on some of these things, and I should like to read this. This is a part of a paper that I read a while ago. It will take only five minutes.

Commissioner GARRETSON. Let me ask you one fractional question more. You referred right there at the last to the fact that if you keep a man busy enough, he is happy, if you do not keep him too busy.

Mr. GANTT. Yes; you must not overwork a man.

Commissioner GARRETSON. Have you ever studied to know if you kept a man hungry enough, but not too hungry, it had any effect on his happiness or his productivity?

Mr. GANTT. No; I never considered that.

The ACTING CHAIRMAN. If you can not be here to-morrow morning, will you hand that paper in so that we will get the benefit of it?

Mr. GANTT. It is only a short paper. I was not going to read this whole paper. I will shut off now.

Commissioner LENNON. If you want to submit that, hand it in to us and we will make it a part of the record.

Mr. GANTT. All right.

The ACTING CHAIRMAN. We can not have the use of this room to-morrow morning for our meeting, but the hotel has kindly assigned for our use the lounge or parlor on the floor below, directly north of the office, and the hearings will be resumed there at 10 o'clock to-morrow morning.

(Whereupon, at 5.50 o'clock p. m., the commission adjourned until to-morrow, Thursday, April 16, 1914, at 10 o'clock a. m.)

WASHINGTON, D. C., *Thursday, April 16, 1914.*

The commission met at 10 o'clock a. m. in the Shoreham Hotel.

Present: Commissioners Frederic A. Delano (acting chairman), John R. Commons, Mrs. J. Borden Harriman, Harris Weinstock, S. Thruston Ballard, John B. Lennon, James O'Connell, and Austin B. Garretson.

Present also for the commission: Mr. W. O. Thompson, counsel; Mr. W. Jett Lauck, managing expert; Mr. George E. Barnett, special investigator; Mr. B. M. Manly, superintendent Division of Industrial Investigations; and Mr. F. H. Bird, superintendent Division of Public Agencies.

The ACTING CHAIRMAN (Commissioner Delano). Mr. Thompson, call your first witness.

Mr. THOMPSON. I will ask Mr. Duncan to take the stand:

TESTIMONY OF MR. JAMES DUNCAN.

Mr. THOMPSON. Mr. Duncan, will you please give your name and address?

Mr. DUNCAN. James Duncan, Hancock Building, Quincy, Mass.

Mr. THOMPSON. And your business?

Mr. DUNCAN. General president of the Granite Cutters' International Association of America; incidentally first vice president of the American Federation of Labor.

Mr. THOMPSON. How long have you occupied each of those positions?

Mr. DUNCAN. Since the fall of 1894 and the springtime of 1895.

Mr. THOMPSON. In a general way, what is the granite cutters' union; what does it include in its membership?

Mr. DUNCAN. It includes in its membership practically the men engaged in the trade. The trade is what we call practically well organized and comprehends all the men cutting granite and hard stone in North America, the men who polish it, the tool dressers for the cutters, and the men who saw granite and turn it by turning lathes; anything that produces a piece of dressed granite after it leaves the quarry until it is put to use, from the roughest kind of street work to the finest kind of statuary.

Mr. THOMPSON. Do you include in the membership the builders of structures—those who are engaged in the erection of buildings and the placing of granite?

Mr. DUNCAN. In some instances are members setters—that is, what are known as stone setters—but as a general proposition the stone is set by stonemasons who are not members of our association.

Mr. THOMPSON. Then it might be said that the majority of your membership is engaged in quarry work and shopwork on granite and other hard stone?

Mr. DUNCAN. In the cutting and dressing of granite after it is quarried.

Mr. THOMPSON. In what you might call shopwork?

Mr. DUNCAN. In sheds, as we call them.

Mr. THOMPSON. Have you had any experience with the so-called efficiency systems or methods of scientific management?

Mr. DUNCAN. Only by general knowledge. I am not aware that the subject, by the title you give it, has been specifically known or in evidence in our trade. Efficiency in our trade is at such a high tension itself that I suppose the efficiency managers did not feel that there was much opportunity for them to enter in.

Mr. THOMPSON. Have you made a study of the so-called efficiency systems and scientific management systems which are spoken of to-day?

Mr. DUNCAN. To some extent.

Mr. THOMPSON. From the study which you have made, what have you to say to this commission as to their benefit or lack of benefit to the workers?

Mr. DUNCAN. As I have stated, we have little evidence of it in the granite industry, because of what we call strong competition among men to hold jobs; because of the competition between contractors to get contracts in selecting the very best men they can select to manage their business; and the superintendent or foreman who would not practice what theoretically is called efficiency would not hold his occupation very long. Then the competition among the men behind the hammer to hold their jobs is such that it causes a large portion of the trade to study the nearest and most practical way to get done as quickly as possible. By doing so those who are most efficient in that direction have the best wages and the most steady employment.

In other lines I could not speak with the same authority as men employed in some of the other industries, but from such opportunities as I have had of gaining knowledge upon the subject I have not got much to testify in favor of so-called efficiency being of advantage to working men and women. There may be times when an efficiency manager, or any other outsider, might see something that could be done, in the same way as an onlooker may see a chance in a game of checkers, that the players, because of their intensity of interest in what is going on, may not see; but apart from that the men and women in the different occupations are so placed in our competitive system that in order to retain their positions they all need to be more or less efficiency managers in accordance with their opportunities and mental and physical capacities.

Mr. THOMPSON. In granite cutting there is a very strong competition, as you say, between man and man for the jobs, is there?

Mr. DUNCAN. Yes.

Mr. THOMPSON. And each one maintains his position by reason of his personal efficiency?

Mr. DUNCAN. Yes.

Mr. THOMPSON. Is it not possible that in the heat of this competition, in the desire to go ahead, the man must give a sort of catch-as-catch-can attempt at efficiency and have not the time for calm consideration as to the methods and means which, perhaps, if it was done, a still more efficient method might be adopted than the necessarily hurried attempts of an operator under pressure?

Mr. DUNCAN. That might be possible. In a general way I do not think it would apply. Workmen, of course, are human beings, and each of them has his own brain construction and his own way of doing things, and two men will reach one point pretty nearly at the same time in different ways. In granite cutting, for instance, sometimes a man with a slow blow, as we say in the trade, is the most efficient workman. He takes time to think, and every blow that he strikes produces a result, whereas a man who would be hitting faster would be wasting certain energy that the other man was conserving; and it is true that the man who practices what we call the slow blow is not only usually the most efficient workman, but he usually is among the fastest.

Mr. THOMPSON. To carry that analogy just a little bit further, you stated previously that the men work under competitive pressure.

Mr. DUNCAN. Yes.

Mr. THOMPSON. Now, take a practical student; not a theoretical man, but a practical student, who would calmly study your work for a year or two before he gave any directions. By reason of that slow-blow process, or careful weighing of the operation from point to point, is it not possible that he might be able to make a suggestion which would be of value to the workers in the doing of the work?

Mr. DUNCAN. Yes; it might be possible, but it is extremely remote. The man who would stand aside, who does not know the trade, who would make suggestions occasionally, the thing that he would suggest which would be apparently of immediate advantage would be very likely to be found of disadvantage.

tage in another direction; and the man who is trained to the work and, in his competitive way, is doing his best with it, knows how to lay out and proceed with his work so as to produce the best results, which I do not think any scientific manager could foresee unless he was skilled in the industry.

I followed my trade many years in Baltimore, and personally I knew quite a number of the students in Johns Hopkins University, and they used to come and talk to me in their spare time and watch me at my work. I followed, wherever possible, the lightest kind of work—lettering, carving, and so forth—and some of the things that I did while I was talking to them, without apparently applying my brain, were so marvellous to them that they used to come back and look again, and bye-and-bye they began to make suggestions to me. I do not know if they were studying the rudiments of this scientific management or not. However, they advocated their opinions, and would say to me if I would do so-and-so could I not do it a little quicker. They did not say that I might do it better, because the grade of the work did not come natural to them. They did not know the grades of the work, nor, perhaps, other than being pleasing to the eye, could they tell when the work was finished according to the grade of work required.

Usually the suggestions they made to me were just such as any person would make to another person, being first introduced to something the bulk of which they did not know anything about—what I might term superficial statements.

Mr. THOMPSON. Take the case of an expert granite cutter, when he had shown particular skill in stone cutting and dressing, one who had a knack in intuitive capacity at his work, and remove him from this competitive strain which drives men on, and say to him, "Now, here, you seem to have a natural skill at this work; just take and study it; take a year or two years and study this proposition. You are a practical master of the trade; you are the best man we know, and we believe that something better can come from you than this very competitive work that you have done; we believe that you have in you the possible improvement of the trade. Study it thoroughly, carefully, with your practical knowledge, doing systematic work." Might it not be possible that such a man could add to the knowledge of the trade and be able to suggest improvements in the methods of work that would help not only increase the output, but which would save the workers?

Mr. DUNCAN. I scarcely think that would be the result. One thing that would happen would be to make him improve himself in knowledge as to how to do a thing, and do it a little better, but when he went away from the experimental stage, back to competing with the other men, the employer would consider time the criterion by which to judge him, and he would have some advantage by having had time to think without competition, and to perhaps form certain mental combinations by which he could do the work a little faster or better than the others.

Mr. THOMPSON. We will assume that, as a result of this study, he had devised a much better method of doing the work than that ordinarily in vogue, which followed along certain old lines.

Mr. DUNCAN. Yes.

Mr. THOMPSON. Then could there be any objection to putting into effect such improved methods, provided always that they were of an advantage and benefit to the worker?

Mr. DUNCAN. No. We are all of the time doing that, we are taking advantage of everything that comes from thought or practice or anything at all. In fact we have to do that. We can not help ourselves. If we do not we find ourselves out of employment.

Mr. THOMPSON. Then any opposition that might exist on the part of anybody, so far as you know, to any method of doing work, would be the opposition which exists in every man's heart to methods which are devised to drive him on to his utmost. Is not that true?

Mr. DUNCAN. To a very great extent that is true. When men are working with a will, which they must, in order to reflect themselves in their work, if some one comes to tell them to do it in some other way, or to suggest new methods to them, it is somewhat like teaching an old dog new tricks. They will in a second grasp the idea, if there is anything in it, but if there is not anything in it they consider their time is being wasted by a bore buzzing around them.

In regard to the question that you asked a few minutes ago about the man with the slow blow, and the advantages in its being taught to others, I would say that you should have in mind that a man who works with what we call a

swift blow works that way naturally, and to change him from his method of doing his work to a man with a slow blow you would have to remodel the man. He is following something in his nature, in his mental and physical make-up. It seems to him to require that he hit fast, and make out in that way; and because of that being his trend, his mentality, at least, would have to be remodeled, and I am not sure but also his physical body. Efficiency managers claim a great deal, but I question if they, in a long time, could do that.

Mr. THOMPSON. My idea of that illustration was simply to show that as in your opinion apparently the slow-blow man was the man who did the best—

Mr. DUNCAN. Usually, not always. Sometimes they are naturally slow all of the way through, but usually it is a fact that the man with a slow, careful blow is the best, for every blow he strikes indicates upon his work, and there is nothing lost in the way of energy.

Mr. THOMPSON. I merely used that as an illustration. If that is so usually in regard to the slow-blow man, might it not be so with reference to picking out a method, and where the workers generally are under the compulsion of this competitive system, they have not got the time to really study what is the best way for them to do the work. That was the purpose of the suggestion, not to say they should teach a naturally fast man to make a slow blow.

I would understand from your last statement that if such a man, a practical expert stonemason, should study the profession and really make some improvement for the benefit of the workers, there could be no reasonable objection to it.

Mr. DUNCAN. No.

Mr. THOMPSON. Assuming that in the making of these studies he found that it was advisable, in fact, necessary, to make time studies of the men, and suppose the men understood that it was not for the purpose of questioning their faithfulness about their work, but was made by one of their own people for the purpose of trying to find a higher method of doing the work, what reasonable objection could there be to a time-study proposition?

Mr. DUNCAN. None at all. Everything that will be of advantage from any source has always been accepted. The best answer perhaps that I could give to your question is that to be taken from a recent actual experience. The members of my trade since the spring of 1900 have been working eight hours per day. We now have a 44-hour work week, namely, a Saturday half holiday. That has been in use in our trade all over North America since 1900. About a third of our membership had an eight-hour workday prior to that time. About two years ago an employer who had been in the granite industry for many years—he and his father had their place of business in Buffalo, and the business had been established for 60 years, and the present man had been in the business for over 30 years, succeeding his father—this man suggested that the men in the granite yard were doing so well under an eight-hour system, as compared to when they were working 10 and 9 hours a day, that he was of opinion that the limit had not been reached. He made an offer that he would pay eight hours' wages for a seven-hour workday, for a man to follow practically the process to which you refer, that is to say, not to be required to work any harder than his gait while working eight hours per day, but if his arms got tired, or if his eyes were blurred, or something of that kind, to rest a moment and look at his work and see what could be done, and give his eyes a rest, and so on, and then start again and see what the result would be.

He suggested that rather than have the appearance of having a worked out plan of his own, that the workmen in the shop should select one from their number to make the experiment. They selected one and he went to work and worked seven hours per day in a shed where others were working eight hours, and he did not, as far as he testifies himself, and the others the same thing, work any harder than he had been doing before, but he worked a little more steadily and took a little time occasionally to think out the best way to do certain things, and after the limit of time had expired—I forget whether it was one month or two months—it was found that the man was producing a fraction more in the seven-hour workday by that method than he had been doing in the eight-hour time, and it seemed to carry out the idea that the employer had, and also the idea that many of us have. You know we are still expecting that by and by as our economics develop, we shall get down to a six-hour workday, three hours before noon and three hours after 1 o'clock, for a full day's work, in order to give men time to think and study, for leisure, and to become more humanized than the brutality of the past which has followed all of the hard trades, that wreck a man in his physical condition before he is 45 years of age. We need something of that kind, because at the

present time, when the men in our trade begin to show gray hairs, they are not so much wanted, and if any other plan than simple hard labor is found, such as the process to which you have referred, taking time to think, taking advantage, and where men would not be tired out easily, and would work six hours per day, they would be able to produce better and to live longer and more happily.

The man to whom I referred as having gone through this experiment was not conched by anybody. He simply used his judgment, knowing that he was upon test, and doing it without physical harrassment; he looked at his work and took time to judge as to the best process to follow, and followed it, and proved that the plan was successful. The employer might have introduced the seven-hour workday in his works, but after the experiment, the man being paid eight hours' wages for seven hours' work, so to speak, finding that his output was just a little better than it was before, he thought he ought to be compensated in accordance with the extra production, to which the contractor objected. He thought when he was paying him what he claimed was eight hours' wages for seven hours' work, the man should not look for an addition—which is a pretty conclusive answer to the scientific management argument, that by the practice of it the man who would do the extra producing would get the extra pay. We have no knowledge of that in so far as practical work is concerned. All our knowledge of advantage to the workman goes the other way.

Mr. THOMPSON. Let us see if I understand it correctly. In that case he was to get the former eight hours of wage for seven hours' work?

Mr. DUNCAN. Yes.

Mr. THOMPSON. That would be a certain advantage to the worker?

Mr. DUNCAN. Yes, sir.

Mr. THOMPSON. If every worker could get an hour off each day that would be of at least some advantage?

Mr. DUNCAN. Yes.

Mr. THOMPSON. In fact, from the union standpoint that is a very great advantage?

Mr. DUNCAN. It is very great.

Mr. THOMPSON. So considered in organized labor?

Mr. DUNCAN. Yes; very great.

Mr. THOMPSON. That was some advantage to the workers?

Mr. DUNCAN. Yes, sir.

Mr. THOMPSON. On the other hand, the advantage that the employer took was a little increased output. In a sense that presented a case where the benefit was split, perhaps not altogether fairly, but at least it was not altogether solely to the advantage of the proprietor, was it?

Mr. DUNCAN. No. There are so many other things that enter into it that that point you are making would be offset. For instance, the employer has to pay the tool dresser a certain amount per day per man that he sharpens for, and that is governed by the number of tools, and the better the workman the fewer tools he uses. A tool sharpener could sharpen more tools for expert men than he could for others. I had in mind when I made reference to this instance the point that you make.

In the experiment in question the employer was fairly well satisfied. He did not believe, however, that he could change his works to seven hours—not then—with everybody around him working eight hours. He is not dismayed as to his experiment and has invited our association to consider the advisability of reducing the working day perhaps to seven and one-half or seven hours, which is a vague proposition to us at the present time, because it took us a quarter of a century, with all the political influence we could get in Congress, as well as our efforts in our own union, to get the eight-hour day established, and when we will get the seven-hour day is at the present time beyond my comprehension. We got the eight-hour day by trade effort and by congressional action.

Mr. THOMPSON. Generally speaking, if, as you say, union labor could show to the world that it could accomplish more for the benefit of the world by having a seven-hour day than an eight-hour day, would not labor make that demonstration?

Mr. DUNCAN. We have done it. They used to work us in the summer time 11 and 12 hours per day, and eventually we got the work down to 10 and then to 9, and now to 8 hours a day, and, excepting the employer whose head, as we think, is not set on his shoulders the right way, the employers would not return even to the 9-hour day.

Human nature is a peculiar thing, and even with the knowledge that our men are cutting as much granite in eight hours as 15 or 20 years ago they did in nine does not satisfy some of our employers. They still want a little more, but the employers agree that our men are cutting, except in the very hardest portion of the trade—that is, requiring the very hardest human exertion—as much in 8 hours as we did in 10 and 11, and the finished product to the purchaser is, if anything, reduced in price to what it was then. Machinery may have something to do with that, but the keenness of the workman, his working more steadily and having the shorter day, which gives him leisure that he did not previously enjoy, all adds to his producing ability.

Mr. THOMPSON. Still, the general statement is true that if labor could show to the world that it could produce more by working shorter hours it would do so; it would take the shorter hours and give to the world the increased benefit, would it not? Is that correct?

Mr. DUNCAN. Yes, sir.

Mr. THOMPSON. Mr. Chairman, we are through.

The ACTING CHAIRMAN. Mr. Garretson, have you any questions?

Commissioner GARRETSON. Mr. Duncan, is it not true that the methods of the workman, the ways in which he performs his labor, as well as the methods of his manager in conducting his business, are largely temperamental?

Mr. DUNCAN. Yes; largely.

Commissioner GARRETSON. That a man does his work precisely as he meets the other conditions of life—in a different way from what some other man does?

Mr. DUNCAN. Absolutely.

Commissioner GARRETSON. In your opinion, Mr. Duncan, if it is legitimate to apply so-called scientific efficiency methods to the workman, would it not be equally consistent to apply them to the management of the business? If it is consistent for the workman to have to do everything in exactly the same manner, according to a code prescribed, would it not be equally consistent to require the business should be managed by just such a code?

Mr. DUNCAN. That is what we call in our industry "overhead charges," and there is nothing that will cause so much despondency in the working ability of a journeyman granite cutter as to see around him a boss, a superintendent, a foreman, and several others in the office, all reaping the benefits of the employment of a few men, when perhaps one or two at the most of those men would accomplish all the others are doing and the expenses of the industry charged up in a lump sum to the workmen upon the job would be largely reduced.

Commissioner GARRETSON. You misunderstand my question to a certain extent. I mean as to the methods that will be followed by the men holding just the same position in administrative capacities. If repression of individuality in the method of working is desirable for the man, as a boon to the man, would it not be equally beneficent to the management to repress initiative?

Mr. DUNCAN. Absolutely so.

Commissioner GARRETSON. If we follow that out clear through all the pursuits of life, if it is consistent for the man that labors, would it not be consistent in every pursuit?

Mr. DUNCAN. It would.

Commissioner GARRETSON. The result would be that we would have embalmed management, just as we have embalmed music. If it is good as applied to labor, why should it not be good as applied to legislation, for instance?

Mr. DUNCAN. I thoroughly agree with the deduction. I had the honor, a short time ago, to speak on this subject before the New York Economic Club, and one of the points that I brought out was similar to the question you now put, only I had applied it more directly to the legal fraternity than to shop management. I do not know anything in connection with scientific management where its beneficent results, if it has any, could be better applied and better exemplified than in trying it upon the legal fraternity, not only in so far as their general line of work is concerned, but their practice before the courts, and applying it to the courts themselves.

By that I do not desire to express any opinion derogatory to our judges. They have to meet conditions as they come. However, the judges can not always alter the practice before the court; and if the same scientific management which is attempted to be applied to the man behind the hammer were applied in the legal profession, for instance, they would have a first-class chance to exemplify their theory, and doing it among themselves they would no doubt be

able to produce the best results, although I think that long before their investigation was over they would conclude that the practice or the experiment was a humbug.

Commissioner GARRETSON. Have you ever formed any conclusion as to whether or not the legal fraternity would accept it until they were convinced that it was for their interest to do so?

Mr. DUNCAN. I am in doubt about it, then.

Mr. THOMPSON. As a member of the lawyers' union I will say that I will accept the application of the efficiency system there as Mr. Duncan has expressed it.

Commissioner GARRETSON. Going back to the example that was given a moment ago of the eight-hour man doing the labor of the eight hours in seven, if the fatigue caused by the necessary exertion to do the eight hours work in seven hours was of such a character that it took him the other hour to recover the normal condition that would have been his if he had done the work in eight hours, would the giving of that hour be any boon to him?

Mr. DUNCAN. No; but I do not think that would be the result. It might in some instances, but generally I think not. I do not believe that the shortening of the hours of labor has yet reached the balance. I am of the opinion that, especially among trades where the workmen and workwomen do a great portion of the work by their hands, six hours comes pretty nearly being the balance of a working day. By that I mean that while it follows that ordinarily as much work is being done in 8 hours as had been done in 10, I do not desire to create the impression that if it were reduced, and reduced, and reduced they would finally be doing as much in 1 hour as they had in 9 or 10. I think about six hours would be a happy medium. If they want below that I question whether the results would be beneficial.

Commissioner GARRETSON. In connection with the purely academic idea that a man should be able to have the day divided for him so that he would have a very reasonable period of rest, a reasonable period for work, and a reasonable period for human recreation, do you believe that it ever was associated with the idea that in order to secure a reasonable length of working day to conform to that idea, that within that period he must perform as much work as if the working day of 24 hours were divided into two shifts of 12 hours each; for instance, that he would do as much work in 6 hours, taking that as your idea of what should be the working day as he formerly did in 12?

Mr. DUNCAN. Your question is quite a long one.

Commissioner GARRETSON. It is.

Mr. DUNCAN. But the idea of reducing the working day primarily was not for the purpose of expecting a man to do as much in 8 hours as he had done in 10 or 9. It was for the purpose of giving him an hour or two hours per day additional leisure from the drudgery of work, so that he could have the leisure time for mental and physical benefits.

Commissioner GARRETSON. It was just to relieve him of two hours' work?

Mr. DUNCAN. Yes; and so that he would apply the two hours in ways that would be of betterment to himself and to the occupation in which he was employed.

Commissioner GARRETSON. In other words, the two hours became his.

Mr. DUNCAN. Yes. I think all experience shows that where they formerly had two shifts of 12 hours each and then changed to three shifts of 8 hours each, where machinery and plants are required to be worked almost continuously, experience shows that the change from 12 hours to 8 hours was of advantage in every way.

A few years ago in discussing the merits of the pending 8-hour bill before Congress, and in connection with it Mr. Andrew Carnegie testified that a number of years ago he had changed the working hours in his plant. He was then active in the business. I do not mean by that to say that he is not active now, but what I mean is that he was more on the job, as we say. He said that he found that the change to 8 hours, three shifts of 8 hours each, was of great advantage in so far as the amount of work that the men turned out in 8 hours as compared to their previous 12 hours, but he was not sure that in the change from two shifts to three shifts the men were immediately doing as much in 8 hours as they had been doing in 12.

Commissioner GARRETSON. But they were doing more per hour?

Mr. DUNCAN. They were doing a great deal more per hour than when they had been working 12 hours. After he had practiced this as an experiment for some considerable time he had to abandon it simply because of the competition

of some other mills which refused to go through the experiment. The difference in the wages would not make up for the difference between the length of hours the men were working, and after he had passed the experiment he dropped back to two shifts of 12 hours each again, the same as he had done before, and he said he did it very reluctantly.

Commissioner GARRETSON. That is all, Mr. Chairman.

The ACTING CHAIRMAN. Mr. Lennon, have you any questions?

Commissioner LENNON. You spoke of the address you made in New York as dealing with the subject of efficiency in the industry?

Mr. DUNCAN. Yes; generally.

Commissioner LENNON. Will you file a copy of that address with this commission?

Mr. DUNCAN. Yes.

Commissioner LENNON. Now, I want to ask you regarding some details of these efficiency systems as they have come before the commission. First, I want to call your attention to what I think is the general statement of the men who have represented efficiency systems, that it is necessary to make a time study by a stop watch of all the different processes that the workman goes through to bring about the results of production. I want you to give us your views as to this application of time study by a stop watch, of all these different processes that the workmen go through, as to their advisability, as to their necessity, as to their effect upon the workman, and as to their effect upon industry as it appears to you.

Mr. DUNCAN. I fail to see of what advantage that would be in any event, except, perhaps, where a man or a woman were almost automatically following a machine; and then it would be the gearing of the machine more than the stop watch. But as far as men are concerned, working at a given industry with their hands and with the tools of their employment, the stop-watch proposition is nothing short of a farce. Two men never do the same thing in the same way, and what would apply in one instance would not apply in another; and the only advantage that the stop-watch process would have would be if it were applied upon each individual. But it is questionable if an experience gained upon one individual would be very helpful with another individual.

If a man were standing over me with a stop watch, however friendly I might be to his proposition, if he was watching my movements and telling me how to do this and how to do that, I would feel like an automaton, and that my individuality had been entirely cut out; that when I finished my work there would be no credit to me for it; that it would be because of the stop-watch system, and I would have to surrender my individuality and go by the process or I would have to quit the process and follow my individuality; and as far as I would be individually concerned as a mechanic, I would prefer to follow my own individuality and take chances upon the result.

Commissioner LENNON. The development of the evidence before the commission indicates that the idea of the use of the stop watch is to make the motions and the methods of doing the work practically exactly the same to every individual worker. Do you believe that would be practicable?

Mr. DUNCAN. A hopeless failure; a hopeless failure. As you are asking your question, I have in mind having been employed for some time cutting granite for the State, War, and Navy Building in this city, and I remember quite a large stone coming from the quarry and it was offered to a number of workmen to cut into what they call a window gap. It is in one of the windows in the building now. Some of the most expert men on the job—and there were from 150 to 500 skilled cutters upon the job, according to the appropriation—refused the stone because it would not make, as we call it. It was not large enough to produce what was desired. We were working on piecework. It was after the Government had abandoned the direct employment of men, and we were finishing the building by contract.

After these other men had refused the stone, one man came along and looked at it, and he went and cut a small space in the very center of it, what we call cutting a dental. If any of you are mechanical men you will know what a dental course is in a molding, and if you pass the building you will easily understand what I mean by cutting a dental. He cut the dental in the rough stone—a place right in the center of it—and as soon as he cut that space and applied the rule and square and his lines in a rough way, he took the stone in and cut it to the finished product.

No efficiency manager on the face of the earth and no stop watch or anything of the kind could supply the mechanical acumen of the man who did that.

It was about the last that any man would do in cutting the stone, and he did the very last thing first; and, as we say, he gauged the stone from this spot in the center instead of cutting the stone in the way that a man ordinarily would, letting the center take care of itself. I desire to bring out by that illustration the acuteness and keenness of the mechanical mind that can foresee things like that; that no stop-watch system and no method that could be applied to one man should be applied to another, because it would not produce a result anything like that or mechanical thought akin to that.

Commissioner LENNON. You apply this to the granite-cutting industry. Have you, through reliable avenues, information as to its application in the machine shop or in the molding shop?

Mr. DUNCAN. No; I have little personal experience of that. I only know that in a general way, in following a machine, there might be motions that the human being would have to go through that would permit of the machine being tensioned up and made to run more swiftly, etc. That might be possible. The same amount of mechanical skill is not in evidence when a machine is doing nine-tenths of the work and the human being is applying the other one-tenth as when the proportions are the other way.

Commissioner LENNON. In the consideration of this subject we have heard much regarding what is called the premium and bonus system of payment of wages; that is, where men or women in an industry perform more work than has been set under the stop-watch system of fixing the time for doing the job; that they shall be paid a premium or a bonus for having accomplished that work in a shorter time, or having accomplished their stunt or task in less than the time set by the time study. What do you think of that method of payment? What will result from it?

Mr. DUNCAN. I know nothing favorable to it. We have in most of the mechanical trades, where there is much evidence of the use of the hand tools, a system of agreements with employers that comprehends a minimum wage rate. Then workmen are to be paid as much higher than the minimum as their producing power will warrant. That is the theory of our agreements. In some instances it works out very well. It gives to the swift workman compensation for his ability, and because of the higher wage rate paid to him there is that much protection to the slower workman who produces less and is paid less and has then a proportionate opportunity of employment. That course usually follows what we call real mechanical ability, and among workmen that idea can not well be put into words nor written into a book. Men working together, belonging to or following a certain occupation, can tell by a man's actions whether he is performing a certain thing by improved or increased mechanical ability or if he is doing it through a method of waste to himself and by force, as it were, and perhaps, in a vulgar sense in the trade, we call the difference the payment of blood money. A man who is working beyond his mechanical gait in order to earn a certain price above the established wage rate and for the sake of gaining a so-called premium is said to be working for blood money, which usually has the effect of putting a man into his grave from 10 to 15 or 20 years earlier than he would otherwise go.

In many portions of my own trade the employers consider the minimum wage in the agreement to be the maximum rate in the office and pay the men a flat rate. That applies more west of the Mississippi than east of it. Then, they figure that one man is a little slower than another, and the good man makes up for the slower man, and the employer has a fair average out of it, and he pays them all alike.

The process of paying men above the maximum is plentifully in use in the New England States, where the most of the trade of which I am a member is followed, and with, for instance, \$3.40 minimum for an eight-hour workday, the wages will grade from that rate to \$4 and \$4.25, and sometimes as much as \$6 per day, according to a man's ability; and when the extra price is paid it is seldom that there is any evidence of the man earning it because of extra exertion; it is usually through extra mechanical ability, and the employer pays him the increase in order to retain him, or, as he says, to keep his competitor from getting the man.

Commissioner LENNON. Mr. Duncan, one of the cardinal principles of organized labor is that of collective bargaining as to the wages and conditions and hours, and those things which generally have to do with a workman's application of his ability in the shop or factory or yard. That is usually the subject of collective bargaining, as between the union and the employer. That is a fact, is it not?

Mr. DUNCAN. Yes.

Commissioner LENNON. Do you see any obstacles in the way of collective bargaining in connection with these efficiency systems, so far as they have come under your observation? For instance, as to time study and premiums and bonuses and those things?

Mr. DUNCAN. One result that I would expect from that would be—perhaps not right away, but certainly soon—quite a reduction in wages. We had the piecework system for many years in our trade, and it was abandoned by mutual consent, no resolution having been passed when it was abandoned by our association or by the employers and their associations, nor by any of them individually. During the time that we were working piece rate, men would be selected because of their ability to turn out a certain piece of work as quickly as possible, and the man who was selected to do that would be paid according to the rate that had been made by collective bargaining. But when the next time came to make another collective bargain the rate per foot that these fast workmen had been able to turn out—the price per foot—was gradually reduced. They took the output of the fast workmen as a criterion for the others and simply said that the others were incompetent as compared to this fast workman, and they desired to reduce the wage rate per foot so that the expert, skilled man would be paid perhaps two-thirds of what he had been getting, or less than that, and the others would be reduced in pay accordingly. That method of premiums etc., paid to men to produce extra work, has never in my knowledge had any other effect than sooner or later to reduce the wages.

Commissioner LENNON. That is all I care to ask, Mr. Chairman.

The ACTING CHAIRMAN. Mrs. Harriman?

Commissioner HARRIMAN. Mr. Duncan, is there any phase of the efficiency system of which you do approve?

Mr. DUNCAN. Yes; the general efficiency system to which I have referred, the general efficiency system that is found among workmen taking advantage of everything that would tend to promote them, to turn out a fair day's work or a finer job. They are continually doing that; that is in evidence all of the time.

I am very glad that you asked me that question, Mrs. Harriman, because it gives me a chance to answer it in this way: The difference between the two lines of thought is the difference that exists between practical efficiency and theoretical efficiency. Practical efficiency is always in evidence, and that is what has produced the greater producing power of workmen to-day, as compared to the past, and so on. The theoretical efficiency argument is advanced by those who, like every other theorist, believe that if certain things are done differently from what some particular man does them they would necessarily be correct, because they followed certain theoretical lines. We believe in all phases and forms of efficiency in management and mechanics that can be practically applied—all of them.

Commissioner HARRIMAN. The system that we hear about, then, you claim to be theoretical?

Mr. DUNCAN. Yes.

Commissioner HARRIMAN. And the other kind to be practical?

Mr. DUNCAN. Yes.

Commissioner HARRIMAN. In other words, you believe it should be left to the individual to be as efficient as he can?

Mr. DUNCAN. No; it is left to them collectively. The competition that is among them makes them that, and the men who are trained in different occupations must necessarily know more about it than a person who has not had the advantage of training that they have had. The manager, superintendent, or the firm or individual, if he knows the plant, will require his foreman to always do more and more. He always wants more, and the foreman in return, in order to keep the favor of his employer and to show his value, is endeavoring all of the time to produce more and more. One of the methods he takes, apart from counseling with his men and showing them how to do this or that to advantage is to discharge the slow ones, the less efficient ones, which spurs the others on to look for methods and plans of accomplishing more. The whole process of efficiency is in evidence from the time a mechanic lifts his hammer all the way through to the employer in the office.

Commissioner HARRIMAN. That is all.

The ACTING CHAIRMAN. Mr. O'Connell?

Commissioner O'CONNELL. Mr. Duncan, the law creating this commission provides that it shall seek the causes underlying industrial unrest and make

some recommendations to Congress in the matter. Do you consider that the fact that the so-called efficiency or scientific management systems have not been introduced in the factories or workshops of this country is a cause of industrial unrest?

Mr. DUNCAN. No.

Commissioner O'CONNELL. Briefly, in your opinion what is the underlying cause of industrial unrest?

Mr. DUNCAN. Mr. Chairman, that is one of those questions where it can be asked in a very few words, and a man, in endeavoring to answer it, would take two days and then not get very far into the subject.

Evidently, judging superficially, there are more workers than there are jobs. Men and women are required to work too many hours a day for their own good or for the good of the country. If there were a shorter workday, and therefore greater opportunities given, and some rational and practical limitation to immigration, so that immigration would be in accordance with the needs rather than flooding the market, there would not be the great unrest and visible idleness that we see at the present time.

Commissioner O'CONNELL. Then if the idea of the efficiency people were carried to the extreme the fact that there are more men than there are jobs would be intensified?

Mr. DUNCAN. It would.

Commissioner O'CONNELL. Because we are told here by all of the experts who have appeared before us that under their system men produce from one hundred to three and four and five and six and seven and eight hundred per cent greater; that there is more product when they have put their plans into operation, and necessarily there must be a reduction of the force in such plants, unless the plants gather an immense increase of business. To that end, then, the efficiency idea would only intensify the conditions of industrial unrest and the unemployed situation.

Mr. DUNCAN. The efficiency managers, in so far as their writings are concerned—and they are all theoretical—somewhat conflict one with the other on that point. Some of them, I think Mr. Emerson, hold that the application of scientific management would mean, perhaps, a shorter workday. In any event, it would mean more compensation to the worker and steadier employment; but I think he also links to that fact the fact that there were three or four million immigrants who came into this country in about three or four years, and he applies the fact of all the immigrants coming here to an absolute need for them, else they would not have come.

The other point in which they are not practical is this: They will tell about the number of motions they require a mechanic to go through, eliminating perhaps two-thirds of them, and that then he can produce so much more. One of their illustrations is that of a bricklayer. They propose to cut out more than half, or nearly two-thirds, of his motions when he is laying bricks, which of necessity means that by the elimination of each motion they are supplying that same labor power by some one else. That is the only theory on which they can claim they would retain anything like the same number of people employed—that is, by diverting the work that a skilled bricklayer would do to a less skilled man, perhaps a handy laborer, or something of that kind, which would mean that a portion of the work now done by the bricklayer at \$4 a day might be done by a man less skilled in any other capacity at \$2 or \$2.50 a day. Then, all the other motions, the preparation of the brick, of the material before it came, so that the mechanic in placing his work could do it in much less time, must necessarily be supplied by somebody else before it gets there; somebody else must do some portion of it in this automaton system to which I have referred, and if they carried the same number of employees as before all the difference would be that a great deal of the work would be compensated for at less wages than before. That might be an economy and an economic gain to the populace, while it would be a loss to the mechanic.

But speaking generally, if there is anything about the theory of so-called efficiency management, and the stop watch process, it would add to the trouble that we have at the present time, in the great unrest and the amount of idleness that is present.

Commissioner O'CONNELL. We are told here that some of these experts have been engaged in this business for 30 or 35 years, for instance. Mr. Taylor, for instance, has been engaged in the work for over 30 years. Others have been engaged for a certain number of years. Have you ever heard of or known of a case where the hours of labor have been reduced in a factory or workshop or plant as the result of this system of management being introduced?

Mr. DUNCAN. Never. I have known of some instances where for evidently good economic reasons employers have voluntarily made a reduction of hours, in expectation of something to meet it. But in nine-tenths of the cases where hours have been reduced it has come from the beneficent efforts of organized labor, and other trades not organized have profited by the advantages of the organized worker.

Commissioner O'CONNELL. So far as you know, you never have known of the hours being reduced because of the introduction of scientific management?

Mr. DUNCAN. No.

Commissioner O'CONNELL. That is all.

The ACTING CHAIRMAN. Mr. Weinstock?

Commissioner WEINSTOCK. Mr. Duncan, you told us how in your industry the hours of labor, as the result of about 25 years of effort on the part of organized labor, have been gradually reduced from 10 hours to 9 hours and from 9 hours to 8 hours.

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. Are the men producing as much in 8 hours as they formerly produced in 9 or 10 hours?

Mr. DUNCAN. Excepting in the portions of the trade where the work is very laborious, very heavy and hard, I think they are producing a little more, but this must be borne in mind in connection with that, that during the time this economic change has taken place there have been many new tools introduced in the trade, especially machine tools, which have gone toward helping to turn out the finished product. However, upon work where men are not using much, if any, of the improved tools, the shorter workday finds them working, if not every minute of every hour, practically so, more steadily, applying themselves more diligently to their work, because a workman who has his life in his work desires to produce a day's work and he wants to produce it.

The shorter workday gives them an additional advantage in that the workman is not tired out, as he would be otherwise.

Commissioner WEINSTOCK. So, on the whole, you would say that the trade is turning out on the average per man as much in 8 hours, if not a little more, than they formerly did in 9 or 10 hours?

Mr. DUNCAN. Yes; and I think that will be borne out by nearly all of the employers in my trade who have been in business that long.

Commissioner WEINSTOCK. You further said that you believe that ultimately a six-hour day will be the happy medium for a working day.

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. Have you faith enough in the possibility of the men in the trade to think that the time will come when a man in six hours' honest, earnest work, intelligently applied, will be able practically to produce as much as he is producing now in eight hours?

Mr. DUNCAN. In this way I have no doubt of it. While the evolution is coming on to a reduction to a six-hour workday, I anticipate the same ratio of inventions will apply in the way of supplying tools and machinery to produce, and with the expert ability and the skill of the workmen, possibly the additional machines too that will be invented to put in use, the product will be more, a little more.

Commissioner WEINSTOCK. That is, it will develop men's brains?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. Along the lines of higher inventive genius?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. And it will develop the workers' methods along the lines that with less physical effort he will be able to accomplish substantially as much as he is accomplishing now?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. Do you regard the man or the men who have been able to bring about this reduction in hours, without any injury to the worker and with benefit to society, as a friend or an enemy to the worker or to society?

Mr. DUNCAN. As a friend.

Commissioner WEINSTOCK. If you were able to-day to bring about a six-hour day along the lines you have outlined, do you believe that you ought to be regarded as the friend or the enemy of the worker and of society?

Mr. DUNCAN. I would say that I was the friend of the worker and of society.

Commissioner WEINSTOCK. I think we are both in accord on that point.

Mr. DUNCAN. Absolutely.

Commissioner WEINSTOCK. That being the case, is it not evident that when men were working on a 10-hour day they had not developed their highest efficiency, as seemingly has been demonstrated by the fact that to-day in eight hours they accomplish, if anything, a little more than they formerly did in 10 hours? I suppose that must be proved, that when they were working on the 10-hour basis they were not working to their fullest efficiency—perhaps not intentionally, but ignorantly?

Mr. DUNCAN. I do not think ignorantly, but I think this, that they were not doing it—but not ignorantly. I think the reason they were not proportionately producing more than now is because of the drudgery, the harassment of the work, and because of their being tired out, both physically and mentally, because of a long workday. I consider myself yet a young man, but the 11-hour workday had passed before I began to work at my trade. Then hours is the longest I have worked, and when I had some distance to go to work, to start at 7 o'clock in the morning, with an hour at noon, and worked until 6 o'clock and then would go home, and after I got home and got cleaned up and had my dinner—what society people call dinner, but what we call supper—I did not have a great deal of ambition during the balance of the evening, and unless there was something that called me out, I was very prone to sit down in my boarding house and fall asleep.

I worked in New York City at my trade when I was a boy, and any of you that know the workman's section of that city will know what I mean when I say that in the summer time I used to climb up the inside stair to the roof to rest and cool off a little and get some fresh air, and either my roommate or the good lady that I boarded with used to come up and rouse me and tell me that it was time to go to bed. Of course, that did not follow every night, but I say, unless there was something to keep me in of an evening or to go to a meeting, very likely that would be it. I did not have any ambition to sit down and study or go to a library and look for any of the things to relax a person, and the next morning I used to do the same thing, and when it came Saturday night I was a pretty tired man. And then Sunday used to pass very quickly, and it seemed to me that Monday morning came after Saturday evening very suddenly.

The change from that to the eight-hour day gives a man a different chance entirely. Some of the most expert baseball players that there are in this country, that this country has ever seen, are men who learned their trade and worked at it and played ball in the evening and in their spare time, and principally since we had a reduction from the longer working day; and they did it with vim, and so forth, and we have enjoyed this in other parts, and they live better, and there is a general betterment all around, all around, that is reflected in their work and in their lives, which can be seen in the appearance of their children at the present time as compared with a quarter of a century ago; how they dress and how they go to school, and all that, and it is evident all the way through that there is a different ambition in the man. He has been humanized, as it were, and he has ceased to be the drudge that he was, and with a little spare time—some of us are not all human and do not employ the time to the best advantage, but that is the exception. The rule is that they have had general betterment individually and in their families, and it is reflected in their work.

Commissioner WEINSTOCK. I take it, Mr. Duncan, that the man or the men who have been able to bring about this change in conditions which you have described to us in so interesting a manner, so that it is possible to-day to produce even more in 8 hours than it was possible to produce in the past in 9 or 10 hours, he has certainly been a benefactor to the worker and to society generally?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. Now, I take it from the opinion you have expressed that we have not reached the limit—that eight hours is not the limit?

Mr. DUNCAN. No.

Commissioner WEINSTOCK. And that you venture to forecast that the time is not distant when six hours will take the place of the present eight hours; that if it were possible to bring that about to-morrow, whoever would do that would likewise be a benefactor to the individual and the rest of us?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. And that anything that will make that more possible ought to be encouraged?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. And that if you could be satisfied that efficiency systems, or so-called efficiency systems, by whatever name you call them, would help along those lines, then that efficiency system would be in the nature of a blessing?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. Now, the only issue between you, for example, and the gentlemen who represent these efficiency systems is the question: Will it bring that about? Will it hasten that day? You think it will not and they say it will. It will have to be admitted that they have brought evidence before this commission to show that it has done that. We may disagree as to the degree in which they have done that, but that it has been done to some degree I think remains undisputed, because facts were brought out before this commission that were not denied and not disputed; that output has been increased; that profits have been increased; and that the workmen's earnings have been increased. That has been generally admitted wherever the so-called systems have been intelligently and fairly applied and where the men have cooperated with the promoters. The only point at issue that is yet to be determined, as I see it, is whether this increased profit and increased output and increased earnings were gained at the physical cost to the worker. It is claimed, on the one hand, that it has come "out of the hide of the worker," and that claim is denied on the other hand, and that point is yet to be determined; but that it has been made more possible to cut hours of labor and still maintain the output as large as was put forth in the past I think has been clearly demonstrated. Whether it applies to your industry, of course, I could not say, but would you say that because, in your opinion, these so-called efficiency systems could not increase the output in stonecutting that it could not increase the output in any other industry?

Would you, for example, want this commission to take the conditions applying to your industry and make a character for all industries?

Mr. DUNCAN. No.

Commissioner WEINSTOCK. Or do you appreciate the fact that there are different conditions in different industries?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. And that therefore because it may not apply to your own industry, it may apply to other industries?

Mr. DUNCAN. I have been through the State of Missouri twice, and those what you call scientific managements have got to show me; they are what I call theorists. I claim we have more scientific management, so-called, in evidence in the different occupations than is in evidence or can possibly be in evidence by the theorists. Speaking generally, I am of the opinion that the stop-watch system and everything that goes with it, are perhaps applied nearly as much in the machinists' industry as perhaps all others combined. I may be wrong in that proportion, but I am not very far wrong.

Commissioner O'CONNELL. If you said three times more you would not be wrong.

Mr. DUNCAN. Well, perhaps. They usually say I am terribly conservative, and I will hold onto that. I do not want to spoil my reputation before this commission.

If there is anything to their claim, it should be reflected in the machinists' business. I do not think that any man, even of a theoretical mind, will doubt but there is perhaps as much, if not more, skill required in the machinists' industry as almost any individual employment.

Now, what do we find among them to-day as to these benefits to which you have referred? The organized and unorganized machinists of North America will not average as much in wages—I doubt if they will average as much in wages as a haul carrier. There is scarcely a building trade but is paying much higher wages than a man in the machinists' business. In some of the building trades the wages are twice as high, and there are few if any building trades now where the workman works more than eight hours per day; and I doubt if there is 10 per cent of the machinists of the country working 8 hours per day. If, therefore, there is all of this advantage to the theoretical scientific management that the advocates of it claim, it should be reflected somewhere, and that would be the place where it would be in evidence. I suppose they will take the condition that exists among the men in the machinists' business at the present time and compare it with what it was 5 or 10 or 15 years ago, and say, "There, there is our proof," but the reduction from 10

hours a day in the machinists' trade to 9 followed the general claim for an 8-hour day by other trades, and I would not be surprised, from my knowledge and experience, if the building trades will not be down to 7 hours' working day by the time the machinists get down to 8, with all the advantages scientific management can apply to them.

Commissioner WEINSTOCK. You point out, Mr. Duncan, that the raise in wages in the building trades has been much greater than the raise in wages, for example, among machinists?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. May this not explain that fact, that the building trade is largely a noncompetitive business: Let us take the city of Washington, for example. If I want to build a house in Washington I can not import that house from New York or San Francisco or New Orleans. It has to be constructed here. If the workers in the building trades organize strongly in Washington they can dictate their own terms, and I have to practically submit. The contractors are quite willing to pay that, because as long as they all pay it it is no disadvantage to either. They simply transmit that burden to me as the owner of the building. But when it comes to buying a machine I have the whole United States to compete with for that sale. In fact, I have the world. Therefore, the machinists' business is a competitive business and the building trades is a noncompetitive industry, and therefore, it being noncompetitive, it comes very nearly to being in the nature of a monopoly, and wherever you can establish monopoly there you can fix your price.

Mr. DUNCAN. Your statement is very largely akin to the theoretical argument of the scientific managers. When applied practically, and its base is knocked from under it, naturally the whole of your argument would fall.

In so far as the building industry in the city of Washington is concerned there is very, very small percentage done here. None of the stone for it, whether it be hard or soft, is cut here. The iron is not made here. The brick is not made here. Certain of the timbers may be trimmed before they come here. Most of the woodwork, the sheet-metal work, and everything is put together here. There is competition between the marble man and the granite man. The terra-cotta man is after them both. The iron workers and the cement league, so-called, are after everything of the kind, and the carpenters are trying to maintain a relic of the past art or craft of carpentry, which is fast passing away, as the result of the use of artificial materials and metal and that sort of thing. So the competition for your house to be built here in Washington is as keen in every particular as the purchase of any part of machinery coming from where it may.

Commissioner WEINSTOCK. That is true, but that—

Mr. DUNCAN (interrupting). The only point that would apply would be this, that after the material is contracted, by whomsoever may contract it, from Maine to California, and sent here, the building trades in Washington might concentrate and say certain conditions shall be applied in connection with the execution or erection of the material; but the same thing would apply in connection with machinery. Wherever it is made and sent, the assembling of the machinery by the machinists would be subject to the same proposition; by lining up all the other iron trades, they could do the very same thing. So there is practically no difference between them, and there is as much competition, perhaps more competition, except in the iron industry, in so far as the building is concerned, than in almost anything else you could apply to the erection of your house or your office building, as the case may be.

Commissioner WEINSTOCK. If the building trades are not thoroughly organized in the city of Washington, what you say would hold. But if they are thoroughly organized, as they are in my own home city of San Francisco, it would not hold, because when it came to the question of erection or assembling of these materials, regardless of what competition in getting the materials, the hod carrier is in a position to demand \$4 a day, which is more than the machinist gets, more than the minimum wage of the machinist in San Francisco, which is \$3.50.

Mr. DUNCAN. Did the scientific manager help to get the hod carrier that price?

Commissioner WEINSTOCK. No; he did not.

Mr. DUNCAN. No.

Commissioner WEINSTOCK. You further point out that two of the underlying causes for unrest, as Mr. O'Connell suggested, could be minimized, as you point out, by the shorter workday and diminishing immigration or restricting

immigration. Are we to gather from that that one of the causes of unrest is overproduction; that there are too many men to do the work; that we are producing too much for the number of hands we have to produce it?

Mr. DUNCAN. We are evidently producing faster than the market can consume, or else there would be a demand for the employment of those who are unemployed, and then we would not have this social unrest.

Commissioner WEINSTOCK. If it was a case of producing, would we help matters, would we increase prosperity, would we better the condition of the worker if we cut down our production?

Mr. DUNCAN. No.

Commissioner WEINSTOCK. We would not?

Mr. DUNCAN. No; a better distribution of it would be all right, but to cut it down would mean the release of a certain greater number of men and women that are now employed.

Commissioner WEINSTOCK. Then, distribution would be purely a matter of marketing?

Mr. DUNCAN. No; not entirely; not entirely. For instance, in an employment where men and women are working 9 or 10 or 11 and sometimes 12 hours a day, if they were brought down to 8 or 7 or 6 hours a day there would be more people employed; there would be a greater consuming power; the consuming power of the populace would be enhanced, and therefore there would be greater consumption of the finished material.

Commissioner WEINSTOCK. But I can not reconcile that with your previous statement. I can not reconcile that with your statement made a little while ago that men are producing as much in 8 hours as they formerly produced in 10, and that you hope to see the day when men will be practically producing as much in 6 hours as in 8.

Mr. DUNCAN. I do not entirely blame you for not seeing my point in that, for I fear your mind is running along the theoretical line. By producing more we are selling a great deal more. We are not housing it up. The fact that we are producing it shows there is a market for it.

Commissioner WEINSTOCK. Very well. But if the output to-day is, say 100, is represented by the figure 100, and if we can produce that same 100 in 6 hours in place of 8 hours, we will not have increased the opportunity for employment. We will have exactly the same number of people producing that 100, only they will do it in 6 hours in place of doing it in 8 hours.

Mr. DUNCAN. That does not follow. When we changed from 9 to 8 hours a day, in the first two or three years after we did that, more people were employed than ever before in the history of our trade for the amount of stuff that was turned out at the time. That has gone on since then, but the change was very marked, and the advantage of the reduction in hours of labor usually is to create a healthy market for the product. In the first place, it employs more people. A man could not work to-day 10 hours and to-morrow be put on an 8-hour day and do the same thing in 8 hours as he did to-day in 10 hours, because his mentality and his physique and everything about him is still upon the 10-hour basis. It required a development, and in the course of that development more people are employed, and with the more people employed the consuming power is increased.

Commissioner WEINSTOCK. Then that simply means not that you employ more people to make the same output that you have to-day, but that you are steadily increasing your market for that output, and by increasing the market you are giving employment to more people. In other words, if we could double our market to-day; if, instead of selling 100 machines, we found a market for 200 machines, we could naturally employ a good many more people than we do to-day. But if we limit our output to 100 and could find no market for more than 100, and if we could take the men who are working on that 100 machines to-day, and put them on an 8-hour basis and get them to turn out those 100 machines, or if we could take the men who are turning out those 100 machines on an 8-hour basis to-day and put them on a 6-hour basis, we will not have opened the door for more workers.

Mr. DUNCAN. You evidently can not conceive of the fact of the change bringing more workers into use and making better distribution of the money of the country and the producing power being increased accordingly. The opposite was tried, you know—I know that you know it—and it was found to be a failure. It used to be the custom in factory work that whenever there was a sluggish market they began to reduce—sometimes they increased the time and reduced the wages so as to make the product cheaper in order to get

rid of it. After years of trying that and it having proved that the consuming power was not increased, they have changed that plan now, and when the market becomes dull they reduce the number of working hours.

Commissioner WEINSTOCK. I want to make the point clear in my own mind, Mr. Duncan, and I think I can do it by asking two or three questions, if you will be kind enough to answer them by yes or no. First, in your trade men are producing as much, if not more, than they did—they are producing as much on an 8-hour basis now as they did formerly in 10 hours?

Mr. DUNCAN. Yes.

Commissioner WEINSTOCK. Secondly, there are more men employed in your trade to-day, doubtless, than there were when the 10-hour day prevailed?

Mr. DUNCAN. Yes, sir.

Commissioner WEINSTOCK. Then if there are more men employed to-day than there were when 10 hours prevailed, it is not due to the fact that men are producing less in 8 hours than they formerly produced in 10; it is due to the fact that there is more demand for your product.

Mr. DUNCAN. Brought about by the change. You can not disassociate the one from the other.

Commissioner WEINSTOCK. It is due to the fact that there is an increased demand for your products—not due to the fact that men are doing less work now and therefore it takes more hands to do the same amount of work?

Mr. DUNCAN. The distribution is better.

Commissioner WEINSTOCK. Therefore, the secret lies here, if we are to give more employment, if we are to minimize the ranks of the unemployed, we can not hope to do it by shortening hours pure and simple. We must hope to do it by lessening costs with a view of broadening the demand and increasing the market for that which we produce. Is that right?

Mr. DUNCAN. I can not conceive of a condition of reducing the hours "pure and simple." When you say "pure and simple" you produce a different condition entirely. There is not any "pure and simple" about it. Everything that hinges upon the main question goes with it, and to disassociate the main question from the things which surround it is not a fair proposition.

Commissioner WEINSTOCK. That is all.

The ACTING CHAIRMAN. Mr. Duncan, you naturally want this commission to put themselves in your place and get your point of view on this question, and, I think, therefore, perhaps, it is not unfair that we should ask you to put yourself in our places and assist us somewhat in our investigations. You are familiar with the fact that this commission represents three different parties in interest, and that we are trying to discover some common ground upon which we can arrive at a harmonious report. It would not help the public to have two or three reports on this great fundamental question. I do not think it helps the question very much to try to develop the fact that there is an irreconcilable conflict or anything of that kind. It seems to me our efforts should be to try to find out where the points of agreement are, if we can do so. I want to appeal to you on that basis for help. I do not have to ask you whether you are a believer in collective bargaining, for I know you are.

Mr. DUNCAN. Yes, sir.

The ACTING CHAIRMAN. And I do not have to ask you whether you object to the introduction of machinery, because I know you do not.

Mr. DUNCAN. That is right.

The ACTING CHAIRMAN. That being so, do you object to improvements in methods, provided always that the workmen are safeguarded and are not deceived in the introduction of the methods.

Mr. DUNCAN. No, sir.

The ACTING CHAIRMAN. You do not object?

Mr. DUNCAN. No, sir.

The ACTING CHAIRMAN. That appears to me as one of the fundamental difficulties, and if that could be brushed aside we would make some real headway. Is that correct?

Mr. DUNCAN. Yes, sir.

The ACTING CHAIRMAN. I am somewhat familiar with the granite industry. I lived in your town for six years, when I was a boy. There have been immense improvements in the cutting of stone by machinery in the 30 years past?

Mr. DUNCAN. Yes.

The ACTING CHAIRMAN. How were those improvements made? Were they just made out of a clear sky by some inventor, or were they made by careful study of the process of cutting stone?

Mr. DUNCAN. Both. Some of the most effective tools, in cutting granite at the present time, were more or less accidents. Men were groping for something, and here and there some fellow would fall upon a process. For instance, one of the most effective tools there is in the business is what we call a large surfacing machine. I suppose it would appear strange to you to know that the whole process of it was discovered through a man of our trade watching a brass worker. He was some kind of a machinist, I have not in mind at the present time just exactly what. I think he made seals and things like that. You will find sometimes on metals—gold, brass, and copper, an ornamentation, a rough coat that is produced by dabbling—a dabbling machine—upon a plain surface after the plain surface has been made. Sometimes they call it rustication. It was originally put in metal to form a contrast between the finely molded and polished portions of the ornamentation, and the portion which would be what we call dabbled. The process by which that man was using the machine was to turn it with his foot, and, having a little tool, he would do this dabbling and this would make it rough and a little coarse, and that suggested to the man who invented this surfacing machine the idea, or it gave him some of the groundwork for his invention. From such a crude beginning as that the machine was finally evolved, and is in use at the present times. That machine will do easily from 10 to 12 times as much work, guided by a man, of course. The machine does not work automatically, but the product in a day would be 10 or 12 times the product of manual labor.

The ACTING CHAIRMAN. Has the labor gotten any of the advantage from the introduction of machinery?

Mr. DUNCAN. Well, individually, perhaps not; only this, if it might be so-called, more constant employment. It has helped to cheapen the finished product, and the finished product has been produced more perfectly, which has given them additional employment; but so far as the physical application of the machine to the man is concerned, and outside of the additional employment that he may have had, it has had the very opposite effect; it has been very harmful to his health.

Quite a number of years ago, up to 1890, perhaps, the deaths from tuberculosis, especially in the throats and lungs of the workmen, were from 80 to 40 to 45 per cent. As it came along, now it is nearer to 85; and that is attributed largely to the machines because of the increased amount of dust which permeates the atmosphere; and the man has difficulty in getting away from it; and the men who are strong physically otherwise and able to throw off consumption do it and live long and well; those who are not, or who are careless in their living and are not exactly circumspect, the germ gets hold of them. The men in my trade who die from consumption usually die from 25 to 40 or 42.

The ACTING CHAIRMAN. What I want to get at briefly is this: I do not want to take up much of your time; but it is more or less the subject of grievance, is it not, on the part of the workmen that, on the introduction of machinery, he has not received the benefit, or as much of the benefit, as he thinks he is entitled to?

Mr. DUNCAN. Yes.

The ACTING CHAIRMAN. That is, he thinks he ought to have shared in the benefits, and not had so much of it, or perhaps he might say all of it, go to the employer?

Mr. DUNCAN. He does not. We do not claim all of it goes to the employer.

The ACTING CHAIRMAN. Have you had a bigger share? There are three sharing in the benefit, of course—the employer, the worker, and the public.

Mr. DUNCAN. Yes.

The ACTING CHAIRMAN. What I want to get at very briefly is this: Do you think, speaking for the workman in your industry, that he has had as big a share as he ought to have had?

Mr. DUNCAN. No; perhaps not; but the dear public has had the most of it. The competition between the employers for the work reduces the advantage that he might individually get; but I do not think the man that is running the machine, or the contractor, has got the advantage this change has brought about, but the public has got it by reduced cost.

The ACTING CHAIRMAN. There is a remedy for that; is it in organization on both sides—organization on the part of the employer and organization on the part of the employee?

Mr. DUNCAN. That might be helpful; but, of course, if that were carried to its conclusion it would like a conspiracy between the two of them to fleece

the public to that extent; but in the stone industry, at least, we have not, either in the office or in the stone shop, we have not been able to get up such a combination.

The ACTING CHAIRMAN. I do not want you to understand that I meant a combination. I meant that perhaps it might be required in every trade, such a commission, theoretically, at least, as this—a commission that represents all three parties in interest; but even that sort of thing can not be obtained unless you have organization.

Mr. DUNCAN. That is right.

The ACTING CHAIRMAN. One of the things that you gain by collective bargaining is to protect those who are represented?

Mr. DUNCAN. Yes.

The ACTING CHAIRMAN. Now, if that is true about the introduction of machinery, is it not also true in regard to the introduction of methods—improved methods?

Mr. DUNCAN. I don't think so. Among the skilled trades I have never seen anything done to prevent or to create the impression in the minds of men that improved machinery or improved opportunities, like improved management, should be considered detrimental to the worker, or that he did not get out of it what he thought he ought to have. It is true that the man behind the hammer thinks he is not well enough compensated. That is part of his nature, too; and he would not be much of a human being if he didn't think so; and I do not think there are many reasoning beings that think they are getting enough.

The ACTING CHAIRMAN. We are all trying to get more; we are all trying to better ourselves, aren't we?

Mr. DUNCAN. Yes.

The ACTING CHAIRMAN. Do I get the impression from you that, while you think there has been in the past, as is proved, and that there will be in the future, improved machinery, that there is room for any improvement in methods?

Mr. DUNCAN. Oh, yes; there is room for improved methods all the time. The difficulty that we have in getting into the minds of the scientific management is this: They conclude that because we can not see the thing through their eyes, therefore we are wrong and that there is no advancement, and we stand for no advancement because we do not accept their theories. We say, for instance, that in the general concept of commerce the advantages they claim are scarcely visible, whereas in commerce the advantages of improved management and improved skill, and all that, is in evidence in every walk of life and in every industry and every phase of industry.

The ACTING CHAIRMAN. Well, let us forget them for a moment. We have gotten to the point where we both agree that there has been in the past, and will be in the future, improvement in machinery, and that there has been in the past and will be in the future improvement in methods.

Mr. DUNCAN. Yes.

The ACTING CHAIRMAN. Now, you say that these improvements in machinery have come sometimes sort of out of a clear sky and sometimes they have come by observation and by study. A man has applied the experience of years to a problem and he has finally worked out a better solution than anybody else ever did before.

Mr. DUNCAN. Yes.

The ACTING CHAIRMAN. Now, can you not conceive of that same thing being true of methods?

Mr. DUNCAN. Yes; absolutely so.

The ACTING CHAIRMAN. Well, then, what you really fear is that somebody will come along who does not really know the subject and will try to apply methods that will be unfair; is not that what you really fear?

Mr. DUNCAN. That is one of them; yes.

The ACTING CHAIRMAN. What are the others?

Mr. DUNCAN. One of the fears that I tried to exemplify before. For instance, you say to eliminate the other party. It is difficult for me to eliminate him from the discussion, because he is there.

The ACTING CHAIRMAN. I did not say to eliminate him; I say forget him.

Mr. DUNCAN. Well, it is cutting off the different letters of the word "habit"; there is always some of it left. The methods that you speak of—if you admit the methods that we follow at the present time in a practical manner, by which the additional advantages have been gained, then you are referring to some additional methods than those you originally referred to when you referred to methods, because there are any amount of methods now in use in every industry.

The ACTING CHAIRMAN. And you want to cut them out without adding any? Mr. DUNCAN. No. One of the principal things that a workman objects to in this is a man standing over him, in theory or otherwise, directing this, that, and the other thing to be done, evidently almost entirely eliminating his individuality, so that his mechanical ability and his skill and his brain training are not as much represented in his work as following a routine laid down by a speeding boss. That is what hurts the man more than anything I know, and it would take all the ambition out of him; it would leave his mind, if it were followed up, not in a position to conceive the advantages or put him in a position where he should look for them and take advantage of them, but should rely on something foreign and outside of his individuality and mentality, and what would be gained in one way would be more than lost in the other.

The ACTING CHAIRMAN. Leaving that for a moment, do you still use in the granite districts the methods, that I know were used until recently, of splitting up a big piece of granite with wooden blocks and a series of holes and wetting those blocks and letting the swelling of the wood split the piece?

Mr. DUNCAN. No.

The ACTING CHAIRMAN. That has been abandoned?

Mr. DUNCAN. Yes; long ago; perhaps about a hundred years ago.

The ACTING CHAIRMAN. Then, you haven't got the same idea that I have, because when I was a schoolboy it was still in use, and I can not date back that far.

Mr. DUNCAN. I would like to shake hands with you over that. I want to live as long as I can, and your age encourages me.

The ACTING CHAIRMAN. Perhaps you misunderstood me.

Mr. DUNCAN. No; I did not. Occasionally that might have been done, and in your time, but it was a relic in my own—a relic of the past. They passed from using wooden wedges to iron wedges, and occasionally after they had abandoned the wooden wedge they would sometimes use it where they wanted to split a stone of a certain width; if it were 18 inches, and they wanted two stones of 8½ apiece, or something like that, and with the metal wedges that they used they would get a rough break, because it would break more fast. With the wooden wedges you speak of and this swelling there was always a considerable wait in the granite business, even at that. They used to wet them at night and let them rest over night. The way we need granite nowadays, because of the scientific management of the machine, we need to split a stone in 15 minutes, and we can not wait until next day. They drifted from the wooden wedges to the metal wedge, and later than that, about 30 years ago, they drifted from that to what is called in the trade "plug and feather," "shins and wedges"; there are different names for it. It is a small wedge that is put in and a man with a small drill—about half an inch or five-eighths of an inch bit—drills a line of holes and puts in these wedges, and in 10 or 15 minutes he would have split a piece of stone that would have taken a day and a night with the wooden wedge.

Again, when they need close sizes they will put a stone under a saw, and with that saw—we are sawing now as much as 38 inches in 8 hours, whereas when I was a boy and in the trade, if we sawed an inch or an inch and a half in a week we thought we were doing well.

So much for the scientific management of the man behind the hammer. That thing has been going on all the time. They take a block the size of these tables and they put two or three saws in it—or six of them, according to the size—and put a machine to work on them, and in a short time they have a carload of slabs, whereas with the wooden wedges and with the others it would have taken a long time. They have not been split, as I stated, with wooden wedges for a long time.

The ACTING CHAIRMAN. What I referred to was getting big blocks—when they wanted a big column, or something like that.

Mr. DUNCAN. When they wanted to have a very fine break they never did that, except where the slow process will take effect rather than the quick, because a stone would wobble and they would lose width.

The ACTING CHAIRMAN. You spoke of the hammer and chisel, and all that; are they the same form and size that they were using, say, 25 or 30 years ago?

Mr. DUNCAN. Well, because there are saws giving a better shape. At the time you mentioned, the cutter, his hand hammer is not as heavy; but the difference is not so much in that, perhaps a quarter of a pound, 3¼ pounds where it used to be 4, and the chisels he uses by hand are about the same, and most of the chisels he uses now are in machines; most of them are in machines or

pneumatic tools, so-called, are doing most of the work that way; they do not do a great deal of it—some portion of it, perhaps—but in chiselling they do the most of it.

Commissioner GARRETSON. I would like to ask a question or two on one subject that was brought out by Mr. Weinstock, showing another phase of what application or management might do. Following up this, the product will be represented by a hundred?

Mr. DUNCAN. Yes.

Commissioner GARRETSON. And for a similar purpose we will say that the number producing that product is 100?

Mr. DUNCAN. Yes.

Commissioner GARRETSON. And that the number of consumers is represented by 100?

Mr. DUNCAN. Yes.

Commissioner GARRETSON. We will just draw a fence around the country, and let those three numbers represent those three factors. If, under efficiency management, as is claimed, the individual product is increased to a degree that eliminates one-fifth of the workers, or 20, does not that create a corresponding reduction in the market for that product, or does it?

Mr. DUNCAN. It would depend, of course, upon the consumption of the public.

Commissioner GARRETSON. If the public are the consumers, these workers are part of the same public.

Mr. DUNCAN. Yes; then it would be reduced.

Commissioner GARRETSON. Then what would follow? Would production be limited because consumption had been limited? They would have to find a new market otherwise, wouldn't they?

Mr. DUNCAN. They would.

Commissioner GARRETSON. Would not a further reduction of the number of producers again limit the market? Does it make any difference how much you cheapen the market price of a thing if the producer has no money? Would that condition be fairly economically good, then, if it worked that result? Would it or would it not?

Mr. DUNCAN. The advantage we contend for in your question is that unless there is an advantage to the consuming number, the economic claim is an error?

Commissioner GARRETSON. Very well; I think that is all.

The ACTING CHAIRMAN. Mr. Thompson, will you call your next witness?

Mr. THOMPSON. I should like to ask the commission if there is any definite hour set for Mr. Brandeis?

The ACTING CHAIRMAN. Two o'clock is set.

Mr. THOMPSON. Then we will begin with this witness, and split the time if we are not finished.

TESTIMONY OF MR. JOHN GOLDEN.

Mr. THOMPSON. Your residence, Mr. Golden?

Mr. GOLDEN. Fall River, Mass.

Mr. THOMPSON. Your occupation?

Mr. GOLDEN. General president of the United Textile Workers of America.

Mr. THOMPSON. How long have you been such president?

Mr. GOLDEN. Since 1903.

Mr. THOMPSON. Will you tell the commission what workers that includes, or organization?

Mr. GOLDEN. The manufacturing of all classes of textile fabrics, cotton, wool, silk, flax, and jute.

Mr. THOMPSON. Where are they mostly employed; in factories and shops?

Mr. GOLDEN. All in factories.

Mr. THOMPSON. In that line of industry there is considerable use of machinery, is there not?

Mr. GOLDEN. Very little handwork at all now.

Mr. THOMPSON. In that industry have you had any chance to study the operation of the so-called scientific management systems or efficiency systems?

Mr. GOLDEN. Yes.

Mr. THOMPSON. You have?

Mr. GOLDEN. A little; not to a very large extent yet.

Mr. THOMPSON. Have you made a study of those systems outside of your own industry?

Mr. GOLDEN. More particularly in my own industry.

Mr. THOMPSON. Tell us in your own language what you have to say with reference to those systems, as affecting the workers in your own industry.

Mr. GOLDEN. Well, gentlemen, I want to say in the first place that I have not had as much of this to meet as some of the other industries. Take the machinists' industry, etc., but the last two years it has become more pronounced, and in the last few months we have had more of it, until it has come to a point now where the moment we get a complaint in about increasing the work of the operatives we do not have to jump to a conclusion. In about nine cases out of every ten, we find it comes about through the introduction of what is known in our trade as a systematizer, a man who comes in there and begins to introduce new methods, and in a very short time, as they have done in a great many instances, he succeeds in bringing the mill on strike. We had a number of instances in the last few months.

Mr. THOMPSON. Will you give a typical case of what the systematizer did, and how that led, if it did lead, to trouble?

Mr. GOLDEN. Well, we had a case within the last few weeks. I will give you this because it will take the shortest time to give it. I understand that if I am kept on the grill as long as my friend Duncan, my testimony will be broken into by my friend Mr. Brandeis—I have no objection to having that done—but I have one case which will take some little time to explain, but will probably serve to answer some of the questions that will be answered later in regard to some phases of this subject.

We had a case of a mill in Massachusetts, and I want to say that I prefer, in giving my testimony, to give some specific cases if I am allowed to, and I want to ask the privilege of giving the facts of those cases and leave the names in the hands of the commission, for obvious reasons.

Mr. THOMPSON. You may do that. I might say to you that you may take your own manner of stating what you have to state. We have permitted the experts to do that, and in fairness, will do the same thing with you.

Mr. GOLDEN. We had a case only about six weeks ago in a large manufacturing city, where scientific management had been unknown up to that time. It was in a department of a large mill where nothing but women were employed, and things had gone along mighty peacefully for many years.

We were notified at our headquarters that a strike had taken place in this particular mill, so I sent a representative from headquarters to investigate, and he came back and said "scientific management." So I made a personal investigation, and here is what happened:

A so-called systematizer had arrived and began to look around for the best field to begin operations in. I suppose, according to his theoretical judgment, that was the best place, and he started in. This mill was an old mill and had machinery a little mite antiquated. Knowing that that condition existed, the superintendent of the mill, who had risen up from a sweeper boy and spent 40 years in the mill, had that machinery running at a speed which, according to his experienced mind, was as fast a speed as the machinery would stand for. We have a list—there is an indicator on those machines that governs the wages; they are paid piecework, and they were paid so much per hank, which is 840 yards in length. We use those terms in order to bring down the volume of figures.

Knowing that this machinery could not be speeded up any more, these people were paid a few cents extra, or a few mills per hank more than the agreement called for—more than would prevail in the newer and more modern mills. The systematizer came in and immediately discovered this, and said, "Oh, we will change that." Well, it only meant about 30 cents per week on the change, but to a woman earning \$10 a week 30 cents is a lot of money.

Mr. THOMPSON. He cut wages immediately to the extent of 30 cents?

Mr. GOLDEN. Yes; he cut them in this way, though: He said, "We will put these on the standard prices, but this machine is not running so fast as the machine across the street," and consequently he knew more than the man who had been in charge of that machine for 30 years, and immediately the speed of the machine was increased up to the standard rate. The girls did not say anything; they do not go much into details in regard to the size of the gears put onto the machines, but they were told that they were on the standard rate of wages, and this change was taking place, etc., and that extra 30 cents had

been taken off, but on account of the extra speed of the machine they would earn from \$1 to \$1.50 more.

Well, the girls tried it out, and the first week they were about 60 cents short of their average weekly earnings, and there was a lot of unrest started among them. But he said, "That's all right; you have not got used to this, but another week will show it up."

Well, another week went on, and, if anything, it was a little worse, because the girls had got excited and were not working under their normal condition of mind, and at the end of the second week things were worse than they were at the end of the first week. They went to the superintendent and made their complaint, and the superintendent said, "Well, you have got to go right on; I can not change it." They did not know all the particulars then, but the fact of the matter was that the thing had been put in the hands of a so-called expert. The women talked it over among themselves, and they got so excited that they struck work.

I went down and I tried to reason with the superintendent. I did not know what part he was playing in this, or anything; and he said, "Well, John, I can not help it; it is there, and the gentleman claims that these machines ought to run as fast as the others," etc. I said, "Well, you know they have not for many years," and he said, "No; I know that," but he said, "He is not going to give anything away again, and they have got to run as fast as the others."

Then it was stated that they were going to make some other changes; that they were going to give them help in carrying the production away and bringing the raw material to them. Well, that was all right; but, as a matter of fact, on the excess speed under which they were working they were turning off a less production, so that they neither had time, as they had before, to fetch their raw material or carry their production away, simply because the machine was breaking the threads on account of its being overspeeded, and the promise of assistance in bringing the raw material and the promise given them of assistance in carrying the finished product away, as far as that particular machine was concerned, had no bearing on the case, for the simple reason that they were not using as much and that the breakage in the thread was creating work there which would not give them any time to do either one job or the other, and at the end of the week, of course, with the breakage of the thread, their envelopes were, as I say, 30 cents less, and as high as 60 cents.

I thought there was something underneath this and advised the girls to go back to work. He said he would make up their pay; he said he would give them the pay they had formerly received, average wages, if they would go back under the new system. The girls went back. The speed was left on there, and at the end of two weeks the girls struck again. The members of the union told me straight, "John, we will not work under those conditions. We are overworked. They fixed the wages all right, but still we know now what is happening. They have speeded up that machine to the point where it will not run right, it will not carry the thread right, and we are piecing up threads all day, and we are earning in production less. We are getting the same kind of wages, and we are doing more work, and we refuse to do it any more." A strike ensued, the result of which was we cut out the system, and as the result of the difference of opinion, I suppose, between the superintendent and the proprietors, and the troubles they had had there, the superintendent also was either fired for not being able to handle these people and continue the system, or otherwise he got so sick himself he gave up the job. As a matter of fact, he is not there.

Something was said here about the stop watch. The most ridiculous thing that I have seen has been the systematizer sitting in front of a machine, with a man or woman working on it, and timing that machine when it is already running at the maximum guaranteed by the maker of the machine. Then we have had cases where, in spite of that guaranteed maximum speed, which the machine very seldom attains, because they figure on the very highest basis to sell their machines, where the systematizer has gone in there and increased that machine over the guaranteed speed given by the maker.

Our experience has also been this: I know the same thing would prevail if I had to go under the ordeal, even with all my experience on the outside. I do not care who the man or woman or boy or girl may be, where somebody is standing over them with a stop watch they are not going to give the same results as if the man with the stop watch was down in the cellar and they were working in the attic.

Mr. THOMPSON. Have you made a study of those systems outside of your own industry?

Mr. GOLDEN. More particularly in my own industry.

Mr. THOMPSON. Tell us in your own language what you have to say with reference to those systems, as affecting the workers in your own industry.

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whole disposition; naturally so. Probably he had been that way from a boy, and he was then a man 40 years of age. And yet he gets the same results, or gets the same number of pounds off at the end of the week; but he works differently because he is temperamentally different. As was said here a little while ago, I do not know whether the experts on scientific management are claiming that they can change the temperamental nature of mankind, but they would have to do it in those cases. What I say of the mule spinner prevails more or less with both the men and women employed throughout the industry.

Mr. THOMPSON. Then, in your opinion, so far as the spinning industry is concerned, considering the conditions and the machines used, there is little opportunity for the introduction—at least, so far as the operator is concerned—of any new methods of operation?

Mr. GOLDEN. I do not see where there is any.

Mr. THOMPSON. But it still might apply to other industries?

Mr. GOLDEN. Yes.

Mr. THOMPSON. To which it might be of advantage?

Mr. GOLDEN. I should imagine it would apply more to the man working by hand.

Mr. MANLY. Mr. Golden, in the case of mule spinning, how are the piece rates determined?

Mr. GOLDEN. By the length of yarns you spin.

Mr. MANLY. Are they determined by the employer or by agreement between your organization and the employer?

Mr. GOLDEN. In the mule spinning trade it has been organized since away back in 1838. It is the best-organized branch of the textile industry; that is, in cotton or worsted. They are determined by a joint agreement. We drew up a list in 1886, the last list we drew up, and from time to time when there is any little dispute we get together, and it is determined by joint verbal agreement. We do not go into any written agreements, because we get so close together that we can agree. Of course, we have a fellow that tries to pay a little less once in a while, but we attend to him.

Mr. MANLY. One of your representatives, in that case, goes to the mill and takes the matter up directly with the employer and, if possible, they thrash the thing out?

Mr. GOLDEN. In the larger cities—and in the smaller places they are guided by them—like New Bedford or Fall River or Lawrence or Lowell we deal with the employers' association. They appoint a committee, and we appoint a committee, of five or three. Sometimes the heads of the local unions settle the thing up. They are expert at the business. But all those lists have been drawn up and started away back in 1886 between the two associations, and everything is based on those.

Mr. MANLY. Are those rates that exist in the list of 1886 equally advantageous? Are there fat and lean rates or pieces that a man would rather work on than others?

Mr. GOLDEN. No. The principle of the list is this: You have the very coarse yarn. We call them by numbers, No. 2's and 4's and 6's, and then they go up perhaps to 250, which is the very finest yarn. The man who works on the finer yarn does not work quite so hard as the man on the coarser yarns, because the man on the coarser yarns walks twice the distance. We found there was a dispute for several years, and that this took more skill on the finer grades, and another argument was that "this man works harder and travels more." We have had our troubles, but for many years now we have based those lists in the cases, etc., on making it as nearly uniform as possible. Some of the men on the coarser grades never would make a real good fine spinner. But it is so balanced up between the skilled worker and the distance walked, etc., that we finally agreed the most satisfactory way was to base the wages as nearly as possible upon a uniform basis in accordance with the length of the machine he ran. That meant the number of threads he had to attend to.

Mr. MANLY. That has been worked out on the basis of the general experience of the organized men and the employers simply by giving and taking, and finally getting down to a basic principle?

Mr. GOLDEN. Yes; we have sat like we are here for a whole day and thrashed the thing out and finally come to an agreement.

Mr. MANLY. In thrashing it out, was it your general experience or did you have accurate data of the output per day?

Mr. GOLDEN. Oh, yes; we took the average production of the spinners.

Mr. MANLY. On the different sizes of yarn?

Mr. GOLDEN. The different sizes of yarn; yes.

Mr. MANLY. And worked out a differential based on that?

Mr. GOLDEN. Yes.

Mr. MANLY. So, as a matter of fact, you arrived at a pretty definite series of standards?

Mr. GOLDEN. Yes. I might add also that what you say of the mule spinner now largely obtains in the other departments, because they took different kinds of frames—drawing frames and the fine speeder—and they have their indicators on there and those indicate the number of yards turned off by the operative.

Mr. MANLY. That indicator is making more or less of a time study all the time?

Mr. GOLDEN. Yes; it simply indicated the speed of the machine.

Mr. MANLY. That with the deduction of time when the machine is not running would show the total number of units?

Mr. GOLDEN. Yes. They allow us so much percentage off for what we call "doffing"—taking the material off, etc.—and some of the methods introduced in there in some instances by the systematizer have been to try to adopt some different methods in the system of doffing. We allow in some instances 5 per cent for time stopped, and some 3 per cent. They have tried to change the method of doffing to reduce that 5 per cent.

Mr. MANLY. But the general result of the negotiations over a long period of years of the union and the manufacturers has been to get to pretty definite standards for your work?

Mr. GOLDEN. Yes.

Mr. MANLY. As to what constitutes a fair price for the basic yarn and what is a proper differential?

Mr. GOLDEN. We have very few disputes in regard to that, simply because when one does arise we can point to illustrations.

Mr. MANLY. Are you familiar with the arrangements in the cotton textile industry of Lancashire, England?

Mr. GOLDEN. Yes; as a young man I worked there.

Mr. MANLY. Do you know the way in which the readjustment of piece rates there is carried out? After the basic rates are determined and increases are determined by joint conference, then the readjustment, the in-between conferences, are practically all carried out by two experts, one from each side.

Mr. GOLDEN. Yes.

Mr. MANLY. Those experts are selected, are they, by a very careful test?

Mr. GOLDEN. The usual thing is that they have a very much more advanced system there than we have. Take the more technical schools, or what we call textile schools here—the unions, on the one hand, make it their business to develop some of their own men in the expert line, and the employers' association do the same thing; so when it is all boiled down the experts are really the expert representative of one side and the expert representative of the other side.

Mr. MANLY. And they thrash out practically all questions that come up with regard to the respeeding of the machines, and so on?

Mr. GOLDEN. Yes; and they are very often in joint conference with the experts there.

Mr. MANLY. As a matter of fact, the union representative has to pass what amounts to a civil-service examination, does he not?

Mr. GOLDEN. Yes.

Mr. MANLY. He is put through a very rigid test?

Mr. GOLDEN. Yes; he has to know his business.

Mr. MANLY. From start to finish?

Mr. GOLDEN. Oh, yes.

The ACTING CHAIRMAN. The commission will recess now until 2 o'clock. Mr. Golden, will you be able to be here this afternoon after we conclude with Mr. Brandels?

Mr. GOLDEN. Yes.

(Thereupon, at 1 o'clock p. m., the commission took a recess until 2 o'clock p. m.)

AFTER RECESS—2 O'CLOCK P. M.

The ACTING CHAIRMAN (Commissioner DeLano). The meeting will please come to order. Mr. Thompson, will you please call your witness?

TESTIMONY OF MR. LOUIS D. BRANDEIS.

Mr. THOMPSON. For the purpose of the record, but not for our information, will you please give your name and occupation?

Mr. BRANDEIS. Louis D. Brandeis, Boston, counselor at law.

Mr. THOMPSON. The commission has for the subject of its public hearings to-day the question of efficiency systems, scientific management, and labor. We should be pleased to hear from you on that subject.

Mr. BRANDEIS. Mr. Chairman, my special interest in this subject arises from a conviction that in the first place the workingmen, and in the second the members of the community generally, can attain the ideals of our American democracy only through an immediate increase and perhaps a constant increase in the productivity of man. We hear a great deal about the inequality in the distribution of wealth and in the proceeds and the profits derived from industry. Such inequality exists; and it is clear that, even if there were a perfectly fair distribution, our ideals could not be attained unless we succeeded in greatly increasing the productivity of man; and to my mind the greatest objection from one standpoint to the inequality to-day is that it tends to discourage effort and therefore suppresses productivity. The progress that we have made in improving the condition of the workingmen during the last century, and particularly during the last 50 years, has been largely due to the fact that the intervention or the introduction of machinery has gone so far in increasing the productivity of the individual man. The misfortune in connection with the introduction of machinery and the revolution that came with it is, or was, that when that introduction of a method of increasing the productivity of man was made labor did not get the share to which it was entitled. With the advent of the new science of management has come the next great opportunity for increasing labor's share in production; and it seems to me, therefore, of the utmost importance not only that the science should be developed and should be applied as far as possible, but that it should be applied in cooperation with the representatives of organized labor in order that labor may now in this new movement get its proper share.

Now, I take it that the whole of this science of management is nothing more than an organized effort, pursued intensively, to eliminate waste. The expert tells us how this may be done. The experts make the individual detailed study, which is an essential of the elimination of waste; but, after all, the fundamental problems are social and industrial. It is, in the process of eliminating waste and increasing the productivity of man to adopt those methods which will insure the social and industrial essentials, fairness in the development, fairness in the distribution of the profits, and that encouragement to the workingman, which can not come without fairness.

Now, I take it that in order to accomplish this result it is absolutely essential that the unions should be represented in the process. In the first place, the question comes up—must come up—in applying the results of scientific management, in determining the very basis and standard on which any system is to rest, as to what is the proper time in which a certain operation shall be performed. Now, that subject of what is the proper time is a question in which representatives of the workers distinctly ought to have a voice. No matter how far you may go into scientific investigation, there must always come in the question of the human element, as to how hard a man ought to work, how fast he ought to work, and how fast he can work consistently with health. Now, in that question there ought to be an opportunity for the full protection of the men who work, and that properly can be done only through representatives of organized labor.

In the next place—the first bears, of course, upon the adopting of what is the standard—but the next thing comes in applying some matter, some incentive, as you may call it, or a reward of a fair division of the profits resulting from the introduction of the new system. Now, what is fair? What is the amount which ought to go to labor is a subject which can not be determined by any scientific investigation. It is a matter for the exercise of judgment, judgment as to what not only shall be the best and the proper incentive but judgment as to what is just, what is consistent with the interests of the community, all of the conditions which surround introduction, and all of the conditions which concern the pursuit of business under these new conditions, just as those which concern the conduct of business under the old conditions, demand that labor should have its representatives in the solution of these problems. When labor

is given such a representation I am unable to find anything in scientific management which is not strictly in accord with the interests of labor, because it is nothing more than fair, through the application of these methods which have been pursued in other branches of science, to find out the best and the most effective way of accomplishing the result. It is not making men work harder. The very effort of it is to make them work less hard, to accomplish more by what they do, and eliminate all unnecessary motions; to educate them so as to make them most effective; to give special effort and special assistance to those who at the time of the commencement of their work are mostly in need of assistance because they are least competent.

Now, the advance in the condition of the workingman is attained by each and every one of the purposes which scientific management and which the apostles of scientific management set before themselves. Whatever there is in the application of the principles of scientific management to a business that may expose the workingman to danger, that is to be guarded against and will be guarded against by a proper representation.

So that as I view the problem it is only one of making the employer recognize the necessity of the participation of representatives of labor in the introduction and carrying forward of the work, and on the other hand bringing to the workingman and the representatives of organized labor the recognition of the fact that there is nothing in scientific management itself which is inimical to the interests of the workingman, but merely perhaps the practices of certain individuals, of certain employers, or concerns who have been engaged in it.

I have felt that this presented a very great opportunity for organized labor. It seemed to me absolutely clear, as scientific management rested upon fundamental principles of advance in man's productivity, of determining what the best way was of doing a thing instead of the poor way, of a complete co-ordination and organization of the various departments of business, that the introduction of scientific management in our businesses was certain to come; that those who oppose introduction altogether were undertaking a perfectly impossible task; and that if organized labor took the position of absolute opposition, instead of taking the position of insisting upon their proper part in the introduction of this system, and the conduct of the business under it, organized labor would lose its greatest opportunity and would be defeating the very purpose for which it exists.

You have heard, Mr. Chairman, so much on this subject during the week, and so much from others who know far more about it than I, that I doubt whether there is anything I can say, unless it be to answer some of the questions or attempt to answer some of the questions which may have arisen in your minds in the course of the discussion.

Mr. THOMPSON. Mr. Brandeis, I would like to ask whether in your study of this subject you have placed or fixed any time at which labor should cooperate with the employer as to the setting of a time standard and the initiation of a standard?

Mr. BRANDEIS. Yes—all the time.

Mr. THOMPSON. It begins at the beginning?

Mr. BRANDEIS. It begins at the very beginning. It seems to me it should begin at the time when the plans are being made to introduce the system.

Mr. THOMPSON. Some of the advocates of scientific management, Mr. Brandeis, who have appeared here as witnesses before the commission, while agreeing to the proposition that it would perhaps be beneficial for labor to cooperate or have a voice in cooperating with the employer in the running of the system, felt that at the introduction there should be no cooperation; that there is so much difficulty in the selection of the system and in the installation of it, that the added element of labor would make it impossible. Do you so conceive it?

Mr. BRANDEIS. I should say quite the contrary. It seems to me that the elements of difficulty in introduction are largely due to the fact that there is hostility to the introduction, and that if organized labor or the representatives of labor should welcome and cooperate in the introduction a greater part of these difficulties would be removed. Of course, there are a good many difficulties that must stop—I mean matters that involve a very great study—difficult in the sense of problems to be solved. They will exist under any circumstances—the problems of finding out how you want to do a thing; when you know how you ought to do it, how you ought to bring a man to do it the way he ought to do it. Those are problems which are inherent and have to be worked out and require most intensive application and patience. But the whole

of the work, it seems to me, would be greatly aided by a spirit of helpfulness instead of the reverse.

Mr. THOMPSON. Mr. Brandeis, some of the representatives of organized labor who have appeared here to testify have concurred in the idea of scientific management which you have elaborated. That is to say, if by studies and by analysis and selection better methods for doing the work could be brought about which would be beneficial to the community and to the worker as well as to the employer, it was a good thing. But they have objected to the stop-watch method of making time studies. People who have represented systems, such as Mr. Taylor and others, have said that the stop-watch method of making time studies is one of the first laws of scientific management. In your opinion, what reasonable objection can there be to the introduction of the stop-watch method of making time studies?

Mr. BRANDEIS. It seems to me there can be no objection except the one as to the way in which it is introduced. There is a question of tact, there is a question of consideration, there is a question of the recognition of prejudice and feelings and of the possibility of misunderstanding which a man of tact and a man accustomed to dealing with labor or to dealing with men generally must recognize. But if it is done in the right way, the stop watch can not, it seems to me, be objected to by labor, because it is the greatest possible protection to labor. What labor has suffered from in the past and is constantly suffering from now is the ignoring of facts, either because they are not known or because they are known to some persons and not to labor. There is nothing, as I view it, in the situation, the whole social industrial structure, that labor wants so much as knowledge. It wants not only to know itself but it wants others to know it; and any means that may be adopted, whether it be the stop watch or the photograph or any other means, that could absolutely establish the fact as to what is being done, how long it takes to do it, what the unit is of doing the particular thing—all those are in the interest of labor, because they are in the interest of truth. Of course, there is a question, as I have said, of tact in dealing with the subject.

Mr. THOMPSON. In your study of this subject have you considered ways and means? In other words, have you considered the kind of machinery that might be used in the cooperation of the employer and employee in putting into operation their joint cooperation in the introduction of this system?

Mr. BRANDEIS. Not machinery—and I doubt very much whether there is any machinery, except the tactful and sympathetic man, some one who realizes, in the first place, that the greatest gain we are to get from scientific management is advancing the interests of the workingman, and who, recognizing that as a fact, has the tact to bring the workingman and his employer together in the adoption of the means by which the various steps should be taken.

Mr. THOMPSON. Have you considered whether or not it is feasible at the beginning for a representative of the workers and the firm to have a joint voice in the selection of the expert who shall install a system, or would that be impracticable?

Mr. BRANDEIS. I have thought of that, and I see no difficulty whatever in the adoption of that. We are fortunately getting to the point where the unions, as they are developing stability and strength, are recognizing that they, like other people, must employ experts. They are taking, consequently, in selecting for their important work men who are not members of their unions, just as employers must select professional men to perform particular duties. They have found in many instances that some men were available and were as loyal to their cause as anybody could possibly be to a cause. That is the situation which presents itself. The expert who is to be selected may be selected by the unions with quite as much intelligence and with quite as much certainty of loyal service as if it were by the employer; and there are very many relations in life where the selection, for instance, of an expert accountant is to be made by the various parties at interest, and where experts are constantly being employed by parties who have different interests to conserve by joint arrangements. I see no difficulty whatever in making that selection in such a case as this.

Mr. THOMPSON. In such a selection, Mr. Brandeis, of the kind of man you mention, a tactful, diplomatic man, he would then be in a sense the instrument or medium by which this principle of cooperation in scientific management might be brought about?

Mr. BRANDEIS. Certainly.

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Mr. THOMPSON. As only a small portion of labor is organized, Mr. Brandeis, how would you protect, in the introduction of systems of scientific management, the unorganized workers?

Mr. BRANDEIS. You mean in a particular establishment?

Mr. THOMPSON. In a particular establishment or industry, or in general?

Mr. BRANDEIS. It seems to me that the extent and character of his protection would be precisely that which exists to-day. Organized labor is probably doing more, far more, to protect those who are not organized, than they are to protect their own members, and the problem would present itself in just the same way.

Mr. THOMPSON. I would draw this deduction from that answer, Mr. Brandeis, that perhaps from the best introduction of scientific management in a shop or factory, it really would require an organization of the workers in order that they might have a competent voice in the selection of the expert.

Mr. BRANDEIS. That seems to me to be absolutely so. I think it is perfectly possible and probable that scientific management has been introduced in so many shops where the workmen have been well treated, and certainly where their wages have been very largely increased by the process, but it is not safe, and as a broad social proposition we ought to insist upon the other thing. It is contrary to all our ideas of democracy, and particularly of industrial democracy.

Mr. THOMPSON. Then you would agree, Mr. Brandeis, with the witnesses who appeared before this commission last week on the subject of collective bargaining and conciliation and arbitration, that the best results are obtained in the industrial world where there is good organization, thorough organization, on both the part of labor and the part of capital?

Mr. BRANDEIS. I have no question of that, and I think it is not only that, but it is the only safe course to pursue.

Mr. THOMPSON. In your view, Mr. Brandeis, of scientific management of business, you do not take that to mean only such a system as could be carried out by a superman or man far above the normal?

Mr. BRANDEIS. Quite the contrary. To my mind one of the greatest advantages of the introduction of scientific management is to make the so-called incompetent man useful. The man who is extraordinary needs no help from anyone under any system. He advances—of course, not as far as he might. He might waste considerable of a great ability; but the man of great ability does not need any help from the community as such, or from a system as such.

Mr. THOMPSON. Then any system of scientific management which only contemplated that one man out of five would be able to carry it out would not be generally such a system as you would indorse?

Mr. BRANDEIS. One man out of five might be able to perform a particular work, or one man out of 10 or 20 a particular work, and there ought to be work for him to do, and work that he could do more effectively than he would ordinarily do it.

Of course, it is the essence of scientific management to pick your man for a particular work, just as important and essential as it is to pick your tool for a machine for a particular work—that is, to treat human beings as you treat a machine—intelligently—and not put a round man in a square hole.

But in the evidence which we have on the subject of scientific management, one of the interesting and hopeful things is that by which seemingly the most incompetent and most impossible persons were made by patient instruction to become effective workmen and aid themselves and industry as a whole.

Mr. THOMPSON. But, in your opinion, if there were any attempt in any system to develop it to the point where men were driven to an extreme, and the tendency was to see just how much efficiency you could get out of a man for a short term of years; if there was such a system, it would be rectified by the cooperation of labor and its suggestions?

Mr. BRANDEIS. Yes. The contrary, it seems to me, would be absolutely contrary to all principles of scientific management. It recognizes the conservation of man and it affords the very greatest incentive to the conservation of man, because it takes raw material and makes it a perfect and finished article.

It would be absolutely suicidal for any manager to develop his men and then kill them. That is the way you could take unskilled labor and kill it at the start, but under scientific management the manager has put an immense amount of money in his investment. It would tend also to the stabilizing of labor, because men want to keep their health when they have been trained; so all the fundamental ideas of scientific management are in accord with our social desires for

labor, but it needs a protection. Nobody ought to be absolute; everybody ought, to be protected from arbitrariness and wrong decisions by the representations of others who are being affected.

Mr. THOMPSON. Then, in your opinion, any system of scientific management which looked just to the greatest amount of productivity, without respect to the effect of that upon the health and well-being of the worker, would miss one of the very largest parts in the real proper condition of scientific management?

Mr. BRANDEIS. It would not be scientific management.

Mr. THOMPSON. It would not be?

Mr. BRANDEIS. It would not be.

Mr. THOMPSON. That is all I care to ask this witness.

Mr. MANLY. You have said that the prosperity of society as well as of the workman was dependent on a great increase of productivity. Is it not a fact that at the present time, however, that not any of our industries are operated to their full capacity or even approximately to their full capacity throughout the year?

Mr. BRANDEIS. I think that is true, throughout the year, and probably at all times during the year.

Mr. MANLY. Probably at all times during the year. Not only for the necessity for repairs but through shutting down the plant from time to time?

Mr. BRANDEIS. Yes; and many other causes.

Mr. MANLY. In the case of the steel industry, for example, the capacity is approximately about 40,000,000 tons, and the largest output recorded to date is approximately 30,000,000 tons. We have there a reservoir of unused productive capacity. If the existing plant became more productive, has society any way to force it to produce to its full capacity? If we can double the capacity of individual plants, it would be possible to produce our 30,000,000 tons with half of the existing plants; would that be done, or would the manufacturer, out of the goodness of his heart, produce 60,000,000 tons a year by running to full capacity?

Mr. BRANDEIS. I should not rely upon the goodness of heart of anybody. I think the system ought to be developed on entirely different lines. Your question suggests one other thought, aside from the direct one that is involved in scientific management specifically, and that is the propriety of a demand for regular employment. It seems to me that the time has come when that should be one of the specific demands of society and of the labor unions, and that the conception of day labor is entirely unsocial and is entirely uneconomical; it is distinctly contrary to the whole conception of scientific management, because it involves such waste as you can find in any possible department of industry.

Mr. MANLY. But it is true, is it not, that society even now is not getting the benefit of the full productive capacity, either of the equipment or of the man?

Mr. BRANDEIS. Yes; but that is not because there is not a possibility of utilizing the full capacity. It seems to me that we are so far away in this country, and probably in any country, from satisfying the possible wants of the community, that there is no fear of overproduction in its proper sense. It all comes to the question of what people can afford to buy, and whether it be steel or whether it be many of the other things, if they could be produced in a way so that they themselves would thereafter be productive; that is, at less cost, that the demand would be there for them, and that there is practically no such thing as there not being potential demand enough for all that we can produce.

Mr. MANLY. I am afraid I haven't made my point clear, because it seems to me the theory is not one of overproduction in that case, in the steel industry; not the fear of the steel industry producing 60,000,000 tons after the capacity of each plant had been doubled, but that it will not produce 60,000,000 tons.

Mr. BRANDEIS. You mean that it will voluntarily restrict production?

Mr. MANLY. That it will voluntarily restrict production, as it is doing now.

Mr. BRANDEIS. Then the answer to that proposition is the one that I suggested before, that society and labor should demand continuity of employment, and when we once get to a point where workmen are paid throughout the year, as the officers of a corporation are paid throughout the year, and the higher employees are paid throughout the year, everyone will recognize that a business can not be run profitably unless you keep it running, because if you have to pay, whether your men are working or not, your men will work.

It seems to me that industry has been allowed to develop chaotically, mainly because we have accepted irregularity of employment as if it was something inevitable. It is no more inevitable than insistence upon payment for a great

many of the overhead charges in a business, whether the business is in daily operation or is not.

Mr. MANLY. In short, it seems to me that society has to develop the capacity of the individual through scientific management, or otherwise, and it is also necessary for society to take pains that it actually gets the benefit, and actually gets that increased capacity utilized?

Mr. BRANDEIS. That certainly is necessary.

The ACTING CHAIRMAN. Mr. Weinstock:

Commissioner WEINSTOCK. Is it or is it not a fact that labor opposes the introduction of scientific management not because it is scientific management, and that it thinks scientific management an evil, but because it fears that it will be abused to the injury of labor?

Mr. BRANDEIS. I think that is true, although there have been some indications of an objection to scientific management itself; that is, the failure to distinguish very clearly between the grounds on which the objections were based.

Commissioner WEINSTOCK. Does not labor also have a further fear, which leads it to oppose the introduction of scientific management, that its very successful introduction will undermine unionism?

Mr. BRANDEIS. I have heard that expressed.

Commissioner WEINSTOCK. That is, if the worker finds that he is getting all that unionism is getting for him; that is, shorter hours and better pay, that he will have no use for unionism?

Mr. BRANDEIS. I have heard that fear expressed, but I do not think it is sound. It has no basis, I think, because I do not see how scientific management, or anything else, can in the long run get for the worker everything. It may for a time, but unless the interests of the workman are protected by his representatives, neither scientific management nor any other method of employment or compensation will protect the laborer.

Commissioner WEINSTOCK. Assume, in order to bring out the point more sharply and more clearly, that scientific management to-day was a common condition, had been universally adopted.

Mr. BRANDEIS. Yes.

Commissioner WEINSTOCK. And assuming that because of that the hours of labor had been diminished and the pay had increased, without injury to the worker physically; what think you would be the status of unionism?

Mr. BRANDEIS. I think there would be a good deal left for unionism to do, and I do not think the time will come when there will not be, as long as there is a wage system in existence. That is, this other thing we have been discussing now, the question of the regularity of employment; that is a subject as to which the unions have taken practically no steps up to the present time, and it is a matter which in some ways is infinitely more important than a great many as to which they have. That subject would occupy the unions, I think, for a very long time to come.

Again, I do not feel that we have reached the limit of the shorter day; certainly not in some employments; nor do I think that we have reached the limit of the higher wage; certainly we have not reached the limit of the best conditions of employment in many industries.

All of these subjects are subjects which must be taken up, and should be taken up, by the representatives of the men and women who are particularly interested. There will be work for unions to do as long as there is a wage system.

Commissioner WEINSTOCK. You mean that this bonus system does not deal with the wage itself; it is simply a plus over and above the wage, and that wage would still remain a question for collective bargaining?

Mr. BRANDEIS. I should go even further than that. It is dealing with the wage; I am speaking of the wage as including the bonus or the compensation.

Commissioner WEINSTOCK. No; I differentiate between the wage on the one hand and the earnings on the other. The earnings, of course, would include the bonus and the wage.

Mr. BRANDEIS. Yes.

Commissioner WEINSTOCK. The wage would not necessarily include the bonus?

Mr. BRANDEIS. Well, I think the unions should be heard, not merely on the wage, but on the bonus quite as much as on the wage, and practically on every step that is involved in the system that is installed.

Commissioner WEINSTOCK. I see. Then, your conception of the ideal of scientific management is in giving the laborer a voice in determining all the factors involved in scientific management?

Mr. BRANDEIS. Not only in making the decision, but in ascertaining the facts.
Commissioner WEINSTOCK. Exactly. Not only should labor have a voice, but it should select its representatives?

Mr. BRANDEIS. Exactly.

Commissioner WEINSTOCK. And you see no menace to unionism in scientific management?

Mr. BRANDEIS. No.

Commissioner WEINSTOCK. You see a larger field for usefulness?

Mr. BRANDEIS. Very much.

Commissioner WEINSTOCK. And you think the fears, if there are such fears on the part of organized labor, are groundless?

Mr. BRANDEIS. Yes; groundless, except for this: That I think, for instance, that the existence of the system of scientific management, unless the unions choose to cooperate with the effort to install it, may menace unionism, because the most efficient and advanced employer may adopt it, whether the unions like it or not, and in that way these establishments may become successful and be so buttressed by their success as to be able to exclude the union from their business. That is the menace if they do not take part; but if they cooperate, it seems to me it simply advances unionism.

Commissioner WEINSTOCK. Then, reviewing your answer, I take it that your point is this, that in your judgment scientific management opens up a new opportunity for labor?

Mr. BRANDEIS. Yes.

Commissioner WEINSTOCK. That if it is wise it will make the most of that opportunity, enlist its cooperation in the movement, and endeavor to bring it to its highest possibilities at the earliest day, in order that it may better share this increased surplus?

Mr. BRANDEIS. Yes; that it may not only be given a share, but get a very much larger share in the increased production.

Commissioner WEINSTOCK. And in your judgment it makes a colossal error if, instead of working with it, it works against it?

Mr. BRANDEIS. Yes.

Commissioner WEINSTOCK. And it defeats its own purpose?

Mr. BRANDEIS. Yes.

Commissioner WEINSTOCK. That fighting against it will tend toward the destruction of unionism rather than toward its being strengthened?

Mr. BRANDEIS. Precisely.

Commissioner WEINSTOCK. What effect, in your judgment, will the success of scientific management have on unemployment? Will it increase it or diminish it?

Mr. BRANDEIS. One form of unemployment I have already discussed, namely, irregularity of employment, which seems to me to be by far the most serious form of unemployment. It is far more prevalent, and it is far more serious in its effect.

It seems to me that the intensive study of businesses and of the elimination of waste in business must result in regularizing business. Every man who has undertaken to study the problem of his business in the most effective way has come to recognize that what he must do is to keep the business running all the time, keep it full. If it is a retail business, he makes it his effort to make other days in the week than Saturday a great day; he tries to take periods of the year when people do not naturally buy and make them buy, in the off seasons, in order to keep his plant going during the period in which ordinarily and in other places of business it loses money. Now, that effort must proceed in every business, to try by means of invention, and invention involving large investment, to make the business run throughout the year; that is, to regularize the work, avoid the congestion of the extra-busy season, and avoiding the dearth in what has been a slack season.

Now, scientific management must develop regularly; therefore, in developing regularly it will tend to eliminate unemployment. Of course, it also will naturally tend to eliminate that other unemployment, which comes from lack of work to do, because if we are right in supposing that there is plenty of consumptive power but not enough ability to buy the things, then we may be able to produce them cheaply enough and people will want them and will take them.

The Acting Chairman. Mr. Garretson?

Commissioner GARRETSON. Mr. Brandeis, would you hold that the elimination of waste was a true economic process unless applied to all the terms of a

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problem—that is, to production, to distribution, and to consumption? Would not it be of equal force in all three directions?

Mr. BRANDEIS. It is certainly of equal force in production and distribution. I think there is some waste in consumption, which is a part of the luxury of life.

Commissioner GARRETSON. That is probably true. The thought I had more particularly in mind was what is ordinarily called absorption, the market, instead of the actual consumption.

Mr. BRANDEIS. Yes. I should treat that rather as a part of distribution.

Commissioner GARRETSON. It is in one sense; but it is final, while distribution is in transit.

Mr. BRANDEIS. Yes.

Commissioner GARRETSON. If the application of a principle to production should create an injurious effect on one of those other agencies, for instance, the market, would it be economically sound? In other words, if the agency that doubled the production destroyed the market for the production, it would be bad economics, would it not?

Mr. BRANDEIS. It certainly would be if it destroyed it; but I consider the market as a malleable thing, just as I consider the processes of production and of distribution.

Commissioner GARRETSON. It is malleable to this extent, at least: If those who buy have money to buy, it is malleable. If they have no money, it is ruined, so far as they are concerned. Is not that true?

Mr. BRANDEIS. Yes. If there is a glut in the market, you are apt to have a falling off in prices.

Commissioner GARRETSON. For illustration, it does not matter how cheap a thing is if a man has no money to buy it; it can not appeal to him to the extent of inducing him to buy unless he has either money or credit?

Mr. BRANDEIS. That is true.

Commissioner GARRETSON. In this question—and I am now using “distribution” in another sense, and that is of division—in this question of the proportions in which profit shall be distributed, can scientific solution enter into it at all?

Mr. BRANDEIS. I do not think so.

Commissioner GARRETSON. It is purely a question of judgment, tempered by equity?

Mr. BRANDEIS. Yes.

Commissioner GARRETSON. Or dominated by equity?

Mr. BRANDEIS. Unquestionably.

Commissioner GARRETSON. Bear in mind I do not mean equity always dominates, but that is what it should be determined by.

Mr. BRANDEIS. It is largely a question of power.

Commissioner GARRETSON. That is a foregone conclusion—at least it has been in the past.

Mr. BRANDEIS. It is apt to be.

Commissioner GARRETSON. The man who had the biggest cannon got the biggest share?

Mr. BRANDEIS. My feeling is that that is the reason why the people should have the biggest cannon—because it would be more apt to be shared among many.

Commissioner GARRETSON. I do not believe we will differ on that. Do you believe there is anything in any system of management, whether it may be denominated scientific or efficient or by any other term, that will change the nature of man?

Mr. BRANDEIS. I think he is possible of some modification.

Commissioner GARRETSON. Modification of extremes, possibly.

Mr. BRANDEIS. I think his nature may be refined and bettered, perhaps not revolutionized.

Commissioner GARRETSON. Do you believe even that the man who, under the ordinary system of administration, had bristles on his back would, by the adoption of scientific management, make the bristles into shaving brushes or leave them on his back?

Mr. BRANDEIS. I think we ought to have some protection against him in either event.

Commissioner GARRETSON. You do not believe we would all get shaving brushes free? In other words, the human equation will be just as great under

one system as under the other, and safeguards will be needed against the man who wants more than his due proportion precisely as in the past?

Mr. BRANDEIS. I think so.

Commissioner GARRETSON. I think it is due you to know that a good many who have favored this have taken the position that the altruistic principle was set up in the employer's mind, if not in his heart, by the institution of scientific management in many instances—not by all of the advocates of the system, but by many of them. My reason for asking that question of you is that I have never—well, let me put it this way: I used to go to the Methodist church; they have revivals, you know, in the country churches, and a man gets religion, but I have noticed that a smooth horse trader could make just as good a deal the next morning as he did the day before, and I imagined that under scientific management the man who was reaching out for his handful would still reach.

Mr. BRANDEIS. I think we need democracy at all times no matter what the system is under which we work.

Commissioner GARRETSON. The position has been taken by a number of men—mouthpieces of the system—and questioned by some of us, that the labor union was just like Othello—his occupation would be gone when scientific management was installed. I gather from your position that you believe it has just as much of a mission as it ever had either during installation or pendency of the system.

Mr. BRANDEIS. I think it will be increased; its functions and its scope and possibilities will be increased.

Commissioner GARRETSON. I judge you have given thought to this: Have you ever devised in your mind any system or any agency that could take the place and perform the functions that have been performed by the labor union so long as the wage system is in vogue?

Mr. BRANDEIS. No; I do not think there is any. I think people have got to protect themselves in all positions in life and must be in a position to do it, and I do not know any way in which labor can be amply protected except through its own representation.

Commissioner GARRETSON. You subscribe to the old theory, then, that God helps those who keep their powder dry?

Mr. BRANDEIS. That seems to be sound.

Commissioner GARRETSON. Another question arose here on which I would like to have your opinion. The question was asked with regard to whether or not the high priests of efficiency systems had attempted in any way to disarm the opposition that exists on the part of the laboring men—I am using "laboring man" largely in the organized sense—to the installation of the system and the attitude of labor has been characterized in various ways. But from your standpoint I should be glad to know whether or not you would hold that this is true—that if the system contains the desirable features that have been ascribed to it would it not, if they were able to demonstrate that fact, largely disarm this opposition if the jar bringers would go to the deliberative bodies representing the unions with full explanation of the methods proposed and what they believe would be effected thereby? In other words, if they believe that the advantages which would accrue to these men are so tangible, as it is asserted, that knowledge first hand of those things might disarm a large portion of that criticism, and especially along those lines where the average man feels there is something concealed behind the veil that he fears.

Mr. BRANDEIS. I think, Mr. Garretson, that some of the representatives, some of the experts in scientific management, have been at fault in this respect, but I think very many labor leaders have been at fault also.

Commissioner GARRETSON. I would not question that.

Mr. BRANDEIS. They were taking, to my knowledge, a stand definitely opposed to scientific management—I mean individually, men and bodies—when I was certain they were not familiar with the subject and did not have the basis on which, in the important affairs of life, a man ought to stand—that they did not know these facts. I think it has been unfortunate. On the one hand there have been expressions as to the attitude of labor unions and the possible way in which they would approach it, and on the other hand the attitude of hostility to this new idea which has been opposed by some of the most excellent gentlemen who are well known in the labor movement. Those are misfortunes, it seems to me—but some of the unfortunate accidents that have happened in connection with the introduction of this system. It seems to me that the work which your commission is now doing may be extremely helpful in starting a

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new era, in turning over a new leaf, and in letting, on the one hand, the employer and the particular advocates of scientific management, and on the other hand the leaders of the labor movement, understand exactly what this is, what the changes are, what the dangers are which are to be guarded against, and how it is to be done. I think that so far as the past hostilities and some of the past expressions on either side are concerned, the best thing all of us can do is to forget them.

Commissioner GARRETSON. I do not believe there has ever any subject arisen in which there have not been intemperate statements made on each side. But this fact remains: Will the men who now hold the opinions which they do in regard to scientific management ever move from that position as long as the attitude is assumed by those who father scientific management, that because one man may have studied the question of scientific management for 10 years intensely, as applied to the details with which he has come in contact, while the other may have given a lifetime to the study of general conditions of labor and the relations of the employer and employee—as long as the opinion is openly expressed that the man who is influenced by his general view, untampered by his general view, untampered by intensive study of one phase of it is ignorantly prejudiced.

Mr. BRANDEIS. I think this is a case where the wise will yield in their views, and I have great confidence in the wisdom of the labor leaders. I think with the aid which your commission gives we may hope for a clear understanding of this subject and the adoption of that method and that force which will lead to what we all want.

Commissioner GARRETSON. I suppose if any man alive has a right to somewhat question the universal wisdom of the labor leaders, I might be justified in it. I do not know whether one could always bank on that wisdom or not.

In regard to this continuity of service, Mr. Brandeis: Under slavery continuity of service was an absolute necessity. Its ceasing was a virtue and its continuation was a combination of the most obnoxious features of slavery by the owner who was afterwards the employer. In other words, when he lost title to his slave he also evaded the most onerous condition of slavery.

Mr. BRANDEIS. Yes.

Commissioner GARRETSON. That brings me down to just one other question—though it may involve two or three questions. There is no denying this fact, that one of the great fears of the laboring man—and this is not confined to the union laboring man by any means—is that concealed behind the theory of scientific management is an elimination of the men; in other words, that even though it may work out to swell the earnings of the individual, those swelled earnings of the number of individuals who are still employed will be a still far less amount of money than was paid to the number formerly employed. That is putting it in wage terms.

Mr. BRANDEIS. Yes.

Commissioner GARRETSON. I want to ask your opinion in regard to this, because your opinion in this is of value. You are not allied to one camp or to the other; you are standing on middle ground. Just for a moment, let us draw a line around this country, because the result of drawing a line here would be precisely the same as to give us world-wide application.

Taking the population on the basis of 100,000,000, presumably 80,000,000 of those are wageworkers. I think that is not very far out of line with the figures, is it? It is not an unreasonable application of them?

Mr. BRANDEIS. Possibly not.

Commissioner GARRETSON. If the 80,000,000 wageworkers were to at once come under the terms of efficiency systems, and the increased productiveness of each worker thereunder was promoted to the degree that 74 per cent of those workers could bring the same output as heretofore, what would become of the other 25 per cent of workers under this system?

Mr. BRANDEIS. Our 80,000,000 plus the other 20,000,000 would consume a great deal more than they do now.

Commissioner GARRETSON. How many men, by that elimination of that number would be taken from the purchasers, and therefore circumscribe the market that much?

Mr. BRANDEIS. You would not take anybody from the purchasers.

Commissioner GARRETSON. But if he had no money—

Mr. BRANDEIS (interrupting). He would have money because he would have employment. There is not any limit and there never has been a limit with us in the consuming power. The limit that has arisen from time to time has

been in the purchasing power. Take it in the field of railroading, with which you are particularly familiar. Our operations increase at the rate of about 2 per cent a year. For a long period of time the gross revenues of the railroads, in spite of perhaps slight reductions in rates increased at the rate of 6 or 8 or 10 per cent a year. What does that mean? It means in the main an increased production on the part of our people. The average amount of money per family which the railroad revenues of the United States represent is almost as great as the earnings in some countries of the men altogether. Why is it? It is because our people here live better than the people do somewhere else; they have more to eat and they have more clothes and they have more luxuries; they live in better houses and are better off in many other ways.

They are able to do it, but there is no limit. The limit has not been reached. If we can produce more, if we can give men more, men will buy more. The dollars will go further, and there has never, it seems to me, been a greater fallacy than the one which has been constantly urged by laboring men at all times—I mean in the labor movements, in certainly the time I have known them—that there is such a thing as that if one man does more work he takes the work away from somebody else. I think there is an absolute fallacy in that idea, and it is a thing that everybody ought to want in this country—to produce more and have more; and this country, if we can produce it cheaper, will find a full market for it.

Commissioner GARRETSON. But this fact remains unanswered: If there are 80,000,000 wage men and 20,000,000 of them are taken out of the positions which they now hold, you have got to create new industries—

Mr. BRANDEIS (interrupting). Oh, no, you have not.

Commissioner GARRETSON. Without going outside of the country to do it, because we have a wall around it. You have to create a new form of productivity—

Mr. BRANDEIS (interrupting). Things do not happen over night.

Commissioner GARRETSON. Oh, no.

Mr. BRANDEIS. This introduction of scientific management for the 80,000,000 people will not happen overnight.

Commissioner GARRETSON. I do not think at the rate it is going that it will.

Mr. BRANDEIS. What happens is this—and what has happened in every business so far as I have known, in which not only scientific management, but better processes and cheaper processes of manufacture have been introduced—that that business prospers. No man is turned out of work to-day, or, so far as we can look ahead, will ever be turned out of work because of scientific management; because when you introduce scientific management you increase the productivity in establishment A, establishment A is growing and grows all of the time, because it is able to produce its work better or cheaper, and to expand itself through its better organization.

This process that you speak of, of the ultimate end, during all this time these people will have been placed, placed in doing more work of the same kind, or placed in doing some other work equally profitable, or possibly more so.

Commissioner GARRETSON. Bear this in mind in answering the question: I am not asking it from the standpoint at all of the men I represent, because, first, the men I represent are pieceworkers. Moreover, some time back they reached the limit of what car couplings will hold. Consequently there is no question of increasing their labor under efficiency or any other system. But those are questions that appeal to me in this problem.

Mr. BRANDEIS. I think that field of speculation is one that is based upon an entire misconception. I think that if the labor leaders to-day would look at this matter in a practical way, and not consider what may happen 10,000 years hence—

Commissioner GARRETSON (interrupting). That is when you are setting the limit for efficiency?

Mr. BRANDEIS. I think if you will look at what would happen to-morrow or next year in introducing an efficiency system in a particular business, you will find that all the men in that business are going to be benefited. Take it up one by one, one business after another, and the businesses to which it applies would be advanced. You will have exactly the same situation as has been suggested to me that happened when a man like Ford undertakes this thing. He produces things cheaper and better, and it does not put anybody out of business. There are not less men in the automobile business, or working in the automobile shops of this country, but there are more people who are buying automobiles, and there will be.

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Commissioner GARRETSON. They have the purchase price. The buyers of automobiles have the price to buy with.

Mr. BRANDEIS. They have the price to buy automobiles if they are cheap enough, but a man may be able to buy an automobile from Ford at \$575 who would not be able to pay \$800 for it.

Commissioner GARRETSON. But if Ford automobiles were worth 35 cents how many could a man sell in Rutgers Square?

Mr. BRANDEIS. If a man is taught how to work—to my mind there is no such thing inherently as unskilled labor. Unskilled labor is an abomination. All labor ought to be skilled, and there ought to be an effort of everybody to make them more and more skilled. When you find a man who can not earn anything to-day, it is the result usually of a system, of an erroneous system. Sometimes it is an erroneous social system; sometimes it is an erroneous industrial system. Men have not been taught to do things—that is one of the difficulties. Nobody who has to do that business—and certainly it must have impressed you constantly how many people need guiding, how many people need help. The wrong has been done to a very large number of people in not showing them how to do things, or how to do them better. These men who have not the 35 cents are very many of them the men who have not been shown how to do things. That is one thing—that society has tolerated such an abomination as irregularity of employment.

I do not think scientific management, any more than any one other thing we are striving for, is going to solve the human problems.

Commissioner GARRETSON. Good.

Mr. BRANDEIS. Certainly not; and I do not think the labor union is going to solve all human problems.

Commissioner GARRETSON. It has not so far.

Mr. BRANDEIS. It is an extremely valuable instrument and so is scientific management. What we have to do is to avail ourselves of every instrument that is conceivable—labor unions, scientific management, and all the other organizations—and try to remove particular difficulties which exist in the way of these men having the 35 cents, of whom you spoke.

Commissioner GARRETSON. That is all.

The ACTING CHAIRMAN. Mr. Lennon, do you desire to ask anything?

Commissioner LENNON. Mr. Brandeis, we have had several different systems that are called scientific management. Do you think there is any such thing as a determined system of scientific management?

Mr. BRANDEIS. I should not suppose so—not an ultimate system.

Commissioner LENNON. Will you give us your definition of scientific management?

Mr. BRANDEIS. I doubt whether I could state it as well as some others, but the fundamental thought which I have in scientific management is this: In the first place, it puts business on the plan of engineering. It does not let things happen, but it predetermines what is to happen. It undertakes to think out in advance what shall be done in every line of business. That, of course, is taking the broad organization of business and not particularly or solely the work of the workman we have been speaking of now. It plans and it makes things happen in accordance with the plans. It does for business what a time-table does for a railroad; that is, it is on the same basis that the time-table is introduced in the railroad business—to make a train arrive at a particular time. If they have been running too slowly between two stations, or if there has been a particular delay, they undertake to overcome it within limits and reach their destination according to schedule.

That is one of the fundamental thoughts in scientific management. Another one is to find the best possible way of doing everything and of coordinating the best possible ways of doing all the particular things, so that it results in the best possible way of doing the whole. It recognizes that every single department of a business, and every part in the process of business is worthy of special study for the purpose of finding out how best it can be done and how the waste which inheres in it may be eliminated.

Those are the elements of scientific management. Now, a number of gentlemen have undertaken to approach this in different ways, recognizing, for instance, that one of the problems is to get the man to do the thing in the best way, after you have found out what it is, and to keep him at it. They undertook to devise a bonus system. That is merely one attempt to influence the individual, to attempt to find out; but it is merely one way; there are a great many other ways of doing it. You can conceive of other ways, and nobody can state in

regard to these things that the way he has found out is the ultimate way any more than he can say, "I have found a way of shoveling a certain amount of coal, and that is the best way of shoveling that amount of coal that ever was devised." Well, it may be infinitely better than the way that was used for the last year, or 10 years ago; but it would seem to me a bold thing to say that it is the best way that can be devised. We are finding out new ways of doing things all the time; we are finding out new ways of pitching a ball, and it seems to me we may find new ways of shoveling coal.

But the very essence of scientific management is to say that the mere shoveling of coal or the lifting of pig iron is a thing that may be done badly and wastefully, or that it may be done well, and then to find out how to do it better, and in order to find it out you must adopt exactly the same methods that have been adopted in the field of science—by study and observation, and patience and careful observation, such as the scientists have applied in their department.

Commissioner LENNON. Then I understand, from some things you have previously stated, that in working out what you have defined as being scientific management that labor is entitled to take the same part in working out this scientific system of industrialism that the employer is entitled to?

Mr. BRANDEIS. It seems to me so.

Commissioner LENNON. Then I just want to ask you one more question. Tradesmen have been practically taught since time immemorial that the best work possible for a mechanic was the work which develops his personality or in work in which his personality is developed. For instance, the sculptor—that is, the high type of it—the personality of the man appears in his work. Now, I say for myself, as well as for many laboring men, that it is to some extent the fear of eliminating this personality in the things which he produces and that personality of making it the very best thing or one of the very best things that have been produced in the different crafts and trades; that is one of the reasons why I do not like the apparent leveling process of what is called scientific management. What do you say to that?

Mr. BRANDEIS. If I thought it would eliminate or reduce individuality, using that in the best term, as I understand you to do, I should be definitely opposed to scientific management. I think that after all, our business is not to make goods, but to make men, and the reason why I feel such an interest in scientific management is that it does tend to make men, in my view of it. I feel that one of the first things that ought to be done to develop a man is to make him realize the possibilities of accomplishment, the joys of accomplishment, and the possibility of development in the work which he is doing. He has got to conclude, whatever that work is, that it is something which he does do better or may do better than he did before, or perhaps better than others do. He ought to realize all the time that he has not gotten to the end.

Now, I feel that one of the great defects in a large portion of the work done to-day is that the men who are doing it do not feel real joy in their work; they do not feel joy in the accomplishment; they do not have any standard by which their accomplishment can be measured as compared with somebody else. Everybody realizes that this very measuring is the thing that he feels happiest about. He wants to play a game of ball, and he wants to win, which means that he has played better than anybody else, and he gets that test in the competition of a game of ball as to whether he has done well, and he is delighted with his particular performance, whether as pitcher or as catcher or on the bases. It seems to me that the objection to a large part of the work which is done to-day is that men have not standards; have not tests as to the excellence of their work. To my mind the best game that there is is the game of work, and I want to see men in it for all the joys that come with the working effectively, and I think it is possible to do it, and I think that one of the first steps is the standard.

I do not believe for a moment that when some of our friends of scientific management have worked out a way of doing a thing, which may be infinitely better than it was done before, that they have attained the best possible; it is the highest that has been possible up to that time; but I should regard each step that they have taken as a "thank you marm" from which you would start up to the next.

Commissioner LENNON. There have always been men in the world and women in the world, and are yet, in all lines of work, that have taken some pride in the things they produce, taken more pride in the things they produce than they did in the wages they received from it.

Mr. BRANDEIS. I think that is true.

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Commissioner LENNON. Can you say that there would be any destruction of that under this scientific management of which you speak?

Mr. BRANDEIS. I should expect the reverse; I should expect it would greatly stimulate satisfaction in performance, because it would give what people need, a test of excellence, and this would be a constant test. Now, the only thing we have to look out for is that men in their eagerness to go forward do not go too fast. Most of them will not go too fast, but there are some men who will, and it is well enough to have some one call their attention to that possibility; but there must be an immense satisfaction to men when they have a proper and reasonable test of performance in seeing that they can attain it, or beat what they did before, and possibly what the other fellow did.

I think an immense deal is lost—no matter what the work is, whether it is shoveling coal or anything else—an immense deal is lost in the pleasure and satisfaction of life and development of the individual when you take away from him the opportunity of measuring himself against his own or somebody else's record, and you have got to have a record in order that you can measure it.

Commissioner LENNON. I apprehend that you know, and I feel, that one of the wonderful subdivisions of labor in the last 40 or 50 years has eliminated some of that pride and personality in production?

Mr. BRANDEIS. It has.

Commissioner LENNON. There was a time when a shoemaker was the philosopher and scientist of the world, almost—more so than any of the other classes, outside of a very few. Isn't that true?

Mr. BRANDEIS. There are some good philosophers among them even at present, and I think you will find among them also, you will find among these shoemakers some men who have a very high conception of excellence. Take some of the welters or treers and edge setters, and you will find that those men can draw a clear distinction between a good job and one that is not good.

Commissioner HARRIMAN. I wanted to ask you something that you partially answered, and that is, that if the art of scientific management is all that its exponents claim it is, how do you propose to bring about a better understanding of it on the part of the workers; that is, of educating the laboring people to appreciate the value of scientific management? You spoke of what this commission might do. Of course, we will recommend or not recommend it, but how far is that to go?

Mr. BRANDEIS. I think that will go very far, because you have on your board three very distinguished members of labor unions, and if they should agree with the view that scientific management can be introduced consistently with the welfare of the worker or of the union, I think that would go very far toward producing the result that you desire, and, of course, beyond that it is a question of patient individual discussion.

Commissioner HARRIMAN. Missionary work?

Mr. BRANDEIS. Missionary work, because you have a prejudice, and you will have to overcome prejudice.

Commissioner HARRIMAN. It struck me that it would be of great interest to the commission to have in its record your definition of bonus, premium, differential piecework, and piecework systems of payment. I think it would be too much to ask you to do it now, but would you dictate it some time to your secretary and let us have it?

Mr. BRANDEIS. I would be very glad to do it, but I think experts on that who are exponents of these various systems could probably do it more accurately than I could. I should be afraid I might represent one or the other.

Commissioner HARRIMAN. I may be very dull, but after listening yesterday and the day before, I was a little more confused than I was before as to just what the difference was.

Mr. BRANDEIS. I am inclined to think if you request them seriously—I should, in view of your question, suggest that each one of them be requested, for the purpose of the record, to state his understanding or his definition of the particular method or incentive which he creates; I think that would be fairer to them, possibly.

Commissioner O'CONNELL. Those who have come before us have told us that they have been interested in this system some 30 or 35 years, trying to introduce it, telling us—Mr. Taylor, for instance, that he did not pretend to introduce it in a shop inside of two years, and preferably five years, to work it out properly. We have known of it more or less by reading books and hearing of these systems, for the last 30 or 35 years; at least, I have. I think probably

in the last two or three years your writings and your speaking on this subject of efficiency have probably given more interest in the whole proposition, as to the saving of waste, and all that sort of thing, and efficiency in management, than all the writers and speakers that have come before us. I do not think there is any question about that, that the public have it more in mind than in the years gone by, until within the last couple of years, perhaps, so that the public rather look upon an expression from you as a real authority upon this question of efficiency.

In your opinion, if efficiency, as you understand it, is not adopted in a general way in our plants and workshops and business, is that going to be a real cause of industrial unrest, or has it been a real cause of industrial unrest because it has not been adopted?

Mr. BRANDEIS. Let me, before answering that question, say one word about your reference to this subject of scientific management having been in the minds of people for 30 or 35 years. I think that may give misapprehension, or be a basis for it.

There undoubtedly has been an effort for 35 years, and perhaps for a longer time than 35 years, to improve management in particular departments. Men have realized the importance of greater efficiency, although that particular term was not used widely before; but the different rules and the different views and the different steps which had been taken have not been formulated until within a comparatively short period. It seems to me that the rules, the method of approach, did not reach a point where you could properly speak of the science of management, until very recently.

Now, answering your specific question as to the effect of scientific management as bearing upon the subject of unrest, my view is simply this: Unrest will be to a certain extent mitigated by anything which improves the condition of the work, and I can not see any real solution, ultimate solution, or an approximation of a solution of unrest as long as there exists in this country any juxtaposition of political democracy and industrial absolutism. To my mind, before we can really solve the problem of industrial unrest, the worker must have a part in the responsibility and management of the business, and whether we adopt scientific management, or adopt any other form of obtaining compensation or of increasing productivity, unrest will not be removed as long as we have that inconsistency, as I view it.

Commissioner O'CONNELL. We have your opinion in the record as to how to get the labor leaders and the laboring men to see the benefits of the efficiency system, by several questions asked you. I want to know how we are to get it from you now so as to get it in the record; how we are going to teach the employer to come into sympathy with organized labor, and not only into sympathy, but into business relations with organized labor.

Mr. BRANDEIS. There again I think we are fortunate in having representatives of the employer upon the commission who will have to do missionary work with the employers as you gentlemen will be called upon to do with the working men. I feel this, however, and I ought to say this: I am convinced that among the efficient employers the consideration which makes them most apprehensive of the labor unions is the belief that it is the policy of the unions to restrict production. If that belief can be overcome, and the foundation for the belief, where it exists, can be removed, I feel quite certain that a very large part of the best employers will welcome cooperation with the union.

Commissioner O'CONNELL. One of the exponents, or scientific engineers who have been before us, in answer to a question as to whether this subject was not one of mutual consideration and could not be dealt with by committees on both sides, and so on, said that in his opinion that probably after the system had been in operation for two years and probably longer, better five years, and that then probably the question of mutual bargaining might be taken into consideration; that nothing in so far as the basic rate or wage rate upon which the bonus were paid afterwards should be considered, not the establishment of the rate, and not the bonus, but the wage rate; if wages went up or went down, the question of wages might possibly be a question of bargaining. Do you think that is logic, that that will tend toward advancement of efficiency?

Mr. BRANDEIS. I think that is absolutely unsound.

Commissioner O'CONNELL. You feel that the employer ought to meet the employee as a representative of his organization, and go into the question as he would any other question?

Mr. BRANDEIS. Precisely. Take the first question; take the question which has been so much talked about, although it is only one of the many things

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that are bound to come up—the question of how long a time it takes to do a given operation in which a stop watch is used.

Now, in order to determine that question, nothing more is necessary than correct observation, assuming that the worker is working naturally; and yet I can see that it is absolutely essential that representatives of the workers should participate in making that observation, because it is important not only that it should be correct, but that the worker should know that it is correct, and should have the means of convincing himself that the conclusion that was reached was properly reached, both that the observation was properly taken and that the performance that was going on was a normal performance when it was going on, and was not something abnormal.

Now, I can not see that there is any single point in which the union should not be represented. If any calculation is made—there are many mathematical calculations that have to be made—and the laws of arithmetic or calculus, or anything else that may be applied, are certain, and I think the union has a right to know that those laws are properly applied and that the result reached is a correct result. I can not see that there is any point in the process, either in its introduction or in its application, after it is produced, in which it is not essential that both parties in interest should have their representatives.

I could perfectly well conceive that a man might be selected who would have the confidence both of the employer and of the union, and who, as an expert or as a scientific manager, would be called in there and would do it all, because you both trust him and you employ him jointly, as you many a time in the case of a dispute select jointly an arbitrator.

Commissioner O'CONNELL. Mr. Taylor, when he was before us the other day, was speaking of the question of dealing with the men—giving them a say in the matter—which led me to believe at least that this idea of giving the men a say was, for instance, to say to John: "John, we are going to do something here, and we want you to cooperate with us. If you do, you will not be hurt by it, and during the time that you are cooperating with us, we will pay you double time to show you that we are in good faith." The impression I got from Mr. Taylor was that the idea he had was of John being taken into the proposition.

Mr. BRANDEIS. That is contrary to all principles of collective bargaining.

Commissioner O'CONNELL. You would not consider that a fair way of treating John?

Mr. BRANDEIS. Not any more than I should in any other case where we have collective bargaining, or making a wage in any other way.

Commissioner O'CONNELL. Now, in the introduction of a scientific management in a plant, where they increase, as they tell us they have, 100 to 800 per cent of the production of the plant or in the production of the men—the joint production—they greatly increased the cost to the employer, and slightly increased the wages of the employee; the employer has been put to a very great advantage in the matter of going into the markets, if his competitor was working under the old system, according to their way of thinking. Well, is there any reason why that firm should not at once begin to give the employees a share in the benefits by a reduction in the hours of labor?

Mr. BRANDEIS. My own view of that is this: That in that process—of course, in the cases that I have known of there is not the outer limit which you have mentioned—but in the cases with which I have been most familiar, I should think that the advantages were, perhaps, as a rule, divided pretty equally between capital and labor and the community. I mean that it generally resulted in some concession in the price of the article to the consumer; but it seems to me that it is highly desirable, as an incident of scientific management, to reduce the hours of labor, unless the hours of labor are already as short as they ought to be, and I know of very few cases where they are.

Commissioner O'CONNELL. Have you any experience of any plant, firm, or company that have had in inauguration for a number of years the system, where they have reduced their hours below 10, as the result of the introduction of the system?

Mr. BRANDEIS. I could not say that there was a result, but I do know there has been a tendency to reduce.

Commissioner O'CONNELL. There has been a tendency?

Mr. BRANDEIS. I know a number of them have reduced it; but I doubt whether it is a result. I think if you had had a potent union in that organization they would have taken that opportunity to insist upon a reduction.

Commissioner O'CONNELL. Of course, the unions get these things later. A prominent Senator told me once, when I called upon him here at the Capitol, in regard to the question of the eight-hour day, he said "I would go out and take the people and organize for eight hours; I would not bother here about it." That is how we got eight hours; not because they were given to us.

Mr. BRANDEIS. I do not believe things are given to men as a rule; and I do not think it would be very desirable if they should be.

Commissioner O'CONNELL. You think the introduction of this system, if it does anything, ought to be able to reduce the hours of labor?

Mr. BRANDEIS. It ought to make it possible for the hours of labor to be reduced, and living conditions to be improved, and I think it would.

Commissioner O'CONNELL. That is all.

Commissioner COMMONS. Do you know of any establishments that have adopted scientific management in which you think the men were being driven beyond what would be considered a proper amount of exertion?

Mr. BRANDEIS. I have not, in my own knowledge, no; but I think it quite likely that it would happen.

Commissioner COMMONS. Have you known of establishments which have not had scientific management in which they have been driven?

Mr. BRANDEIS. I have known of a great many.

Commissioner COMMONS. Now, we learn from the working people that in some establishments which have scientific management the men are driven; if we should find, as a matter of fact, that they were driven, on investigation, would you say that that was scientific management?

Mr. BRANDEIS. I should think that it was a misapprehension of it, that it was not perfect scientific management, and I should say that what had happened had probably happened because the men did not have intelligent and effective protection, such as the union ought to be able to give them.

Commissioner COMMONS. Then, to get at a definition of what is scientific management, have you worked out in your own mind certain rules or principles that we could apply as a test of whether it is scientific or unscientific?

Mr. BRANDEIS. Well, I think it would come, in dealing with the particular question you refer to, to the matter of application of science. There is a science of medicine, and yet in therapeutics, as in other departments, you may misapply the rules and you may produce some very great wrongs because you have failed to apply them properly. I think the rules of scientific management, as they are, may be perfectly correct, and that they may be misapplied; and I regard scientific management not as a perfected system, but as a method of approach more to the problems of business; it is a determination to solve, a recognition that there are problems, and a determination to solve them in certain definite ways. You may be applying scientific management, but it may be applied imperfectly, if you produce the result that you speak of.

Commissioner COMMONS. Other advocates of scientific management—of course you are evidently a strong advocate of scientific management—lay down, in their writings, certain principles. I do not find in any of them that one principle which they recognize should be there the principle of collective bargaining. If we were going to reach scientific definitions of scientific management, should we say it is scientific only when it has collective bargaining, as you have discussed it to-day?

Mr. BRANDEIS. I do not think I should put it exactly in that way. I should say it is an essential condition to safety in applying the method of operating businesses, and of solving the problems, that there be representatives of both parties, but I think perhaps it would not be entirely accurate to say that collective bargaining was an essential principle of the science—essential to the safe application of the science.

Commissioner COMMONS. We are circulating definitions of scientific management amongst the members of this commission, and perhaps you would add your contribution when our effort gets around to you?

Mr. BRANDEIS. If I can produce anything that is worthy of submitting to the commission, I shall be very glad to do so.

Commissioner COMMONS. As I judge, scientific management with you has resolved itself down, not into principle and rule, but into accurate measurement. It seems to me that time study and any method of accurate measurement is the final analysis of the method—including, of course, the elimination of waste—the object being to eliminate waste by means of accurate measurements of whatever effort you undertake.

Mr. BRANDEIS. I should not put it that way. I think that accurate measurement stands with reference to scientific management as accounting stands to business. You can not find out whether you have adopted the best way unless you have some record. You have to know your facts. You may have the best record in the world, and may be running your business extremely poorly. You want to know what you are doing. You want the chart. That is what it is; it is the observation by which you navigate. Having taken that first step of finding out or analyzing or dividing the operation into its atoms, in order that you may study it in detail, then comes the question, and there should be an infinite field for invention. I am using "invention" in the broad sense of finding the best method of doing a thing. When you have taken that time study, when you have analyzed, when you have a realization of the fact of these various things that have all been involved in what has previously been considered a single operation, and learned to eliminate one after another, that is the process which becomes possible through your time study or through your careful analysis. But it is another process of the mind. I should regard the time study, however important it is, as but a very small part of the science of management.

Taking scientific management as a whole, the most important thing in it is its preparedness, its converting the business, elevating the business into a proposition of engineering, thinking out in advance how a thing ought to be done, what the processes ought to be, and making sure that they are done according to the schedule which you have worked out; that there are no accidents; that there are no things happening by chance. There is where a very large part of the great advance has got to come—that everything is known. Of course, in that comes the process of development of the individual, so that he fits into the particular job, just as the particular operation fits in at the proper time.

Commissioner COMMONS. To get back, let me ask this other question: In this discussion, so far as we are concerned with it, it is not so much dealing with machinery and mechanical things that can be measured, but it is dealing with a bargain between two people—an employer and employee, or a corporation and a union. It is not like the science of astronomy or any of the sciences of business which tell you where your best markets are and where you can make the best sale and where you can buy the cheapest; but it is the one specific thing of making a wage bargain. The engineer can deal with machinery and the routing and systematizing. But is there any principle that differs from a mechanical principle that could be applied to this human thing, which is, as you stated, an expression of power—one power against another—in reaching a bargain which is figured out, in a way? Is there not some principle there that is quite different from that usually recognized as scientific? Must we not recognize something else that is not scientific?

Mr. BRANDEIS. I do not think anything ceases to be scientific. I suppose we speak of economics as a science. It is a fairly inexact science. We speak of ethics as a science. They are all fairly inexact. Still, we are endeavoring to approach to some recognition of human law and of applying human law. The ultimate problems in the wage system have got to be human problems—how men are to get on with one another and what ultimately shall be the share of the one or the other in comfort or in money. There is not any science, in the strict sense of laying down a rule, easy of application or mechanical application which may deal with this problem. The question of how the profits of a business are to be divided is a question that can only be worked out through mutual power or influence, with, of course, a recognition of some fundamental principles. I can see nothing in scientific management that should be a substitute for that process of adjustment, but I do think that it makes possible an adjustment, because it opens up an entirely new field of profit, and therefore the natural and proper demand of the working classes for better conditions, in which the whole community is as much interested as they are themselves. Those demands can be met, and it offers a solution, or a partial solution, in the problem of discontent, because it opens up new fields. It presents, in respect to existing industrial discontent, the same sort of solution that the opening up of immense western lands presented to the problems of civilization 50 years ago. It was not any solution at all for the ultimate problem, but it gave a way out, and it seems to me that is just what scientific management does here. If it is a fact, as it appears to be, that we can increase the productivity of men 30 or 50 or 100 per cent or more, there is the chance to satisfy the natural demand of American civilization, just as we could if we had to offer them that immense

virgin soil, as we had the opportunity of offering 25 or 50 years ago. That is the thing; and it seems to me we have the greater need as a community, as well as working men; we have the greater need of the full utilization of the conservation of energy which is afforded here, because our free lands are practically exhausted in America now, and we are coming to meet the difficult problems of increased cost of living incident upon the agricultural lands being fully taken up. The community needs this as a whole, just as the workman needs it, largely for that reason.

Commissioner COMMONS. That is all.

The ACTING CHAIRMAN. Mr. Garretson wants to ask another question.

Commissioner GARRETSON. Mr. Brandeis, I want to ask another question that I overlooked before. Would you regard an allowance in time to the employee performing a task more efficiently as just as much a bonus as though he were paid an added price therefor?

Mr. BRANDEIS. You mean an allowance of free time?

Commissioner GARRETSON. Yes.

Mr. BRANDEIS. You mean shorter hours of work?

Commissioner GARRETSON. In other words, if he finished an eight-hour day in seven hours; if he was allowed the eighth either to sell back or to use for himself, would you consider that just as much a bonus as if a certain addition of pay were granted and he was used for the hour?

Mr. BRANDEIS. I think under the circumstances it might be more valuable than the additional pay.

Commissioner GARRETSON. Has your attention ever been attracted to the fact that one of the largest industries in the country has been paying on that bonus system for 30 years?

Mr. BRANDEIS. It has been not uncommon in the shoe industry.

Commissioner GARRETSON. I mean universally in an industry.

Mr. BRANDEIS. I have not known of it as a universal thing.

Commissioner GARRETSON. Have you ever had occasion to look over the trade agreement in effect on any railroad on this continent, between either the Brotherhood of Locomotive Engineers, the Brotherhood of Firemen and Engineers, the Brotherhood of Railway Trainmen, or the Order of Railway Conductors, on the one hand, and the employing company on the other hand?

Mr. BRANDEIS. I do not recall that I ever made any study of it.

Commissioner GARRETSON. It is universal on the continent, including the countries of Mexico and Canada. Every freight mile that is run on this continent is paid on a time-bonus basis. All the agreements read like this, and this is the standard phrase in every one of them:

"One hundred miles or less, ten hours or less, constitute a day."

If they run 1 mile in 10 hours, or if they run 100 miles in 1 hour, they have rendered an equivalent for the daily wage, and all the other time is theirs. It is usual on what are known as the "red-ball" trains—I suppose you have become familiar with that phrase—that run at 12 or 14 or 16 miles an hour, hauling competitive freight from one terminal to another, that it will run 100 miles in 6 hours. On arrival that entire crew are paid for that 100 miles, in accordance with the agreement, and the other four hours are theirs; and that has been universal in application for 20 years, has been common for 30 years, and exceptional for 35 years.

Mr. BRANDEIS. I think there is one difficulty in that situation. The running of that in a short time, or the failure to make the 100 miles in 5 hours instead of 10 hours, may be due in very large measure to causes for which the trainmen themselves are in no respect responsible.

Commissioner GARRETSON. That is true. That influence would be a retardant?

Mr. BRANDEIS. Yes.

Commissioner GARRETSON. It could not accelerate beyond a certain point, but it could retard?

Mr. BRANDEIS. It could conceivably retard.

Commissioner GARRETSON. Overtime or overmileage is paid in addition to that, if their hours or miles should exceed that.

Mr. BRANDEIS. That suggests to me a thought which has been very much in my mind in connection with railway service, of an opportunity that I think was lost in the introduction of scientific management. The greatest single item of expense on railroads, as you know, is coal.

Commissioner GARRETSON. Yes.

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Mr. BRANDEIS. The amount of coal used is very largely dependent upon the engineer and the fireman. They can make the coal go further or not, as they please, and the limits as to what they can do are well known. The tests show that it would be comparatively easy to reduce consumption 25 per cent and quite conceivable to do it 50 per cent. It seemed to me that when the proposition came up for increasing the wages of the engineers and firemen, there was the chance to apply scientific management. Taking the whole situation as it was, the user of coal, as it was, here men could have been paid according to their performance in the use of the coal. If less coal had been used to produce a given result, of course there would have been a great saving. That saving might have been paid in considerable part to those who brought it about. It would not have involved more work, except certain brain work on the part of the engineer or fireman. It would have involved more care and less physical work, if anything. It would not have involved the discharge of a single man, because you would have had the same locomotive engineer and fireman employed. But you would have had a clear case of the saving affected in a necessary element in railroad operation through the application of care and intelligence on the part of the men who were performing the duty, and the men themselves, the engineer and the firemen, would have been better off and worthier men, and developed themselves by that application.

It seems to me there was and is still a great opportunity for the application of scientific management.

Commissioner GARRETSON. Have you ever known of but one effort to introduce it on those men?

Mr. BRANDEIS. I have known of very little effort.

Commissioner GARRETSON. There has been one railroad where it was tried, and, so far as I know, only one. But I think some of the elements that entered into that have probably gotten away from you.

Mr. BRANDEIS. That is quite possible.

Commissioner GARRETSON. Bear this in mind: I am only talking, not from personal knowledge, because I was in no way connected with the case. Here is what men said to me afterwards. I never happened to come in contact personally with scientific management as applied to my own men, because, under the system we operate, it is not possible yet that it could produce any greater state of efficiency in train movement—I am speaking of the train, and not the engine—than now exists. But in this instance the allegation is made by those who did work in connection with it that it did involve the application, extra work, and more time. I do not pretend to pass on the correctness or incorrectness of that statement, but it was from that viewpoint that the engineers opposed it, as I understand it. Mr. Stone has never told me. I have heard this from the men who were on that line.

Mr. BRANDEIS. I have no doubt it involves more care. It involves a certain amount of education, and it involves time in acquiring education.

Commissioner GARRETSON. I was speaking of the loss of time in transit.

Mr. BRANDEIS. I understand that it is not true that it involves a loss of time, or at all events that it would not come quite within the time limits that are fixed. I am told that Col. Goethals undertook exactly that method in operating the railway in connection with the canal and has had the most successful results.

Commissioner GARRETSON. I do not know as to that. I have not canal jurisdiction.

Mr. BRANDEIS. I think you will find it in his reports that he has undertaken exactly the methods laid down by the scientific managers to undertake to instruct the men; that he employed traveling engineers—

Commissioner GARRETSON (interrupting). Every road does.

Mr. BRANDEIS (continuing). Who went about and instructed these men in the methods, and that as he instructed them it produced this economy in fuel consumption.

Commissioner GARRETSON. There is not a railroad on the continent, to any extent, that does not employ traveling engineers for those purposes, those positions being filled by men who have long developed excellence.

Mr. BRANDEIS. What I mean is that there is the opportunity for the application of a standard. Give a man something that he can measure his performance with. Whether he is going to use more coal or less coal ought to be a subject of tremendous interest to each man.

Commissioner GARRETSON. There is no question about that.

Mr. BRANDEIS. And he ought to have an accurate test of it. He not only feels satisfaction if he succeeds in running with less coal, but he ought to be rewarded according as he does.

Commissioner GARRETSON. I have no doubt the spirit that actuated the men in that one instance—the only one I know of, to wit, the Santa Fe—was something like this: It is a misfortune that you have not been here during this hearing—

Mr. BRANDEIS (interrupting). I presume that is true.

Commissioner GARRETSON. Men do not take kindly to being "shooed." I believe if you had sat there, as I have, during these days, you would have gotten the same impression. While nobody has put it in such terms, I gathered the idea from the testimony of the men who are the fathers of the system, that the mission they were exercising was to correct the mistakes that God Almighty had made in the creation—to get all men just alike, to abolish individuality absolutely, and turn them out like tin plate. Man will never accept anything with that spirit brought to him.

Mr. BRANDEIS. He ought not to. Taking this particular instance which we have been discussing about the user of coal, it is not conceivable that any 10 men who are running engines, under exactly the same conditions on the same road, would come out alike.

Commissioner GARRETSON. No; of course not.

Mr. BRANDEIS. Every man would be different from every other one.

Commissioner GARRETSON. That is a foregone conclusion.

Mr. BRANDEIS. And every man would obtain his particular result differently from the others, and he would have something to measure by as the result.

Commissioner GARRETSON. There is a lot in the way men are approached.

Mr. BRANDEIS. Exactly.

Commissioner GARRETSON. I think, judging from what I have seen of men in other occupations—I have seen a man who made a bet that he would go out with a bunch of twenty-dollar gold pieces in a certain crowd and there would not be a man take one of them, and he made good, because they would not take his money. He had good twenty-dollar gold pieces and wanted to give them away, but they would not take them. That is true of other things.

Mr. BRANDEIS. Absolutely; that is true.

Commissioner GARRETSON. That is all.

Commissioner WEINSTOCK. Just for the purpose of correcting the record. I am sure Commissioner O'Connell inadvertently made a statement that Mr. Taylor while on the witness stand had said he would not favor giving labor a voice until some several years after the system had been introduced. In looking over my notes I find this is what Mr. Taylor said—

Commissioner O'CONNELL. I may have gotten the wrong name; it may have been another witness.

Commissioner WEINSTOCK. Here is what Mr. Taylor said:

"I think well of giving labor a voice in determining these prices and premiums under scientific management."

It was Mr. Mixer who said he would not give labor a voice; that he would not think it wise to give a voice until the bonus had passed the experimental stage.

Commissioner O'CONNELL. Which was about five years?

Commissioner WEINSTOCK. Yes.

Commissioner O'CONNELL. The names do not cut any figure; it is all in one family.

Commissioner WEINSTOCK. Except that it might do Mr. Taylor an injustice.

The ACTING CHAIRMAN. Mr. Brandeis, in the statement you have made you have pretty fully covered the questions I was going to ask; but I want to hand you the tentative definition that has been prepared by some of us, and I wish you would take the pains to go over it and give us the benefit of your criticism, rewriting it entirely if you wish.

Mr. BRANDEIS. I shall be glad to do so.

The ACTING CHAIRMAN. We are certainly very much obliged to you, Mr. Brandeis, for appearing before us.

We will take a recess now for about 10 minutes, and will reconvene at 25 minutes of 5.

(Whereupon, at 4.25 o'clock p. m., the commission took a 10-minutes recess, and at the expiration of the recess reconvened and proceeded as follows:)

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TESTIMONY OF MR. JAMES GOLDEN—Recalled.

Mr. THOMPSON. If the commission please, we have finished the direct examination.

Commissioner DELANO (acting chairman). Perhaps you would care to complete your statement, Mr. Golden.

Mr. GOLDEN. I have just this other statement to make, and then I think I will wait to be questioned, which might bring out better some of the things I have in mind, and if they are not covered by the questions I will claim your indulgence for a few moments to cover them.

Much has been said here in questions, and I do not know what has been said previously, in regard to the attitude of organized labor. It ran through my mind while Mr. Brandeis was speaking—and I might say that Mr. Brandeis and I have discussed this subject for hours at a time within the last three years, and I wish he were here so as to allow him to have the pleasure of hearing me say that he has come over to some of our ideas during the last three years.

In 1911, on March 21, if I am not mistaken—and if I am, Mr. Emerson will correct me, as he was one of the speakers there—we discussed this problem in the Economic Club in Boston, March 21, 1911. I would be glad to leave what I said to the commission, but I want to read the closing sentence. I was speaking exclusively in regard to the textile industry, and being in New England, of course I spoke in regard to the men who were placed at the head of the large textile mills and corporations, some of them having from 10 to 20 mills, and on the system of promotion, which simply meant that if a man came from a certain family and bore a certain name he was made head of the concern. That has been a constant grievance with us for a long time up in that section, and the process was that as a boy he went to high school, as a young man he went to college, and when he finished the college course he came down and became a mill agent, and when there were not any places, or not enough places as mill agents, they put him to work selling cotton or cloth until a vacancy occurred. The last part of the speech, of course, is the matter I particularly wish to refer to, but I had better read it all, so that you will grasp the idea.

"Efficiency and ability counts very little against blood relationship, 'pull,' and influence in securing the higher positions in the management of textile mills; in many of these mills there is as much 'waste' made by inefficient management and incompetent management as would give the operatives a 10 per cent increase in wages. Of course, some of these kind of mills get back some of this loss, by resubmitting this waste over and over again to the manufacturing process. Then the consumer suffers, but the greatest sufferers are the men and women and children working long hours under indifferent conditions, making amends for the blunders of those 'higher up,' blamed, fined, and discharged many times for imperfections over which they have no control, and all for a wage that keeps them just 48 hours from starvation. If this idea of scientific management will remedy all or even some of these evils then I say let us have it by all means, if it means a lighter burden for the toiler, if it means a better living wage, then the sooner it comes the better. Organized labor will not hinder it or place any obstacles in the way, but will do as it has always done, cooperate and assist in every possible manner, if allowed to do so. But let me say, in closing, and I can not say it too strongly, that if this scientific plan is another means of still grinding more out of the employee, if it means more production with less remuneration for the toiler, then organized labor will fight against it, as it has at all times fought against industrial exploitation of the wageworkers."

That declaration was made in 1911, and I have not seen any reason yet to change my mind, and I think I am perfectly safe in saying that that is the attitude of organized labor.

Commissioner DELANO. Mr. Weinstock.

Commissioner WEINSTOCK. You have given us a concrete illustration this morning of what happened in a certain mill where they attempted to introduce the so-called scientific management, which led to two strikes within a brief period of time.

Mr. GOLDEN. Yes.

Commissioner WEINSTOCK. Now, would you call that scientific management? Did not the results make it clear that it was unscientific management, misnamed?

Mr. GOLDEN. But engineered by scientific experts.

Commissioner WEINSTOCK. Yes; but if we are to judge everything by the results, that was a failure, and hence it can not be scientific, because a thing that is scientific is not a failure. In fact the very meaning of the word "science" is to see the end at the beginning. Now, if that promoter or that manager could have seen the end in the beginning he would not have introduced it in the manner in which he did, and the very fact that he could not see the end in the beginning is proof that it was unscientific.

Mr. GOLDEN. But he came in there a total stranger to the local conditions, and, as I know since, without even the indorsement of the man who had been there, and who, as I stated, had lost the job; he came in there and, without asking the cooperation of the man who had been in charge—and the women in there were not even considered; of course, they were part of the machine, I suppose—and put it into effect.

Commissioner WEINSTOCK. You could not offer any better evidence to me that he was unscientific when he attempted to do that, so that it was a case of having the wrong man on the job, and it was not the fault of scientific management, as I see it. Now, you have pointed out that if scientific management results in grinding out more work from the worker without due and just compensation you would oppose it. You probably heard Mr. Brandeis, who is perhaps as intelligent an exponent of scientific management as we could hope to find outside of the professional ranks. You heard him state, among other things, that his idea is to give labor an equal voice, absolutely an equal voice with the employer in every move that is made. Now, if that is done, the abuses of the system which you fear can and ought to be guarded against. If you, for example, represent labor, you are going to see to it that in the introduction of that system it is not abused, and if an attempt is made to abuse it you will protest against it and will have an equal voice with the management in the matter. You doubtless heard Mr. Brandeis, and I should be very glad, as a representative of the employers, to have an expression of your ideas as to his views. The substance of what he said is about as follows: The unions fear that the system will be abused, and also that if it succeeds it will undermine unionism. Both fears, he went on to say, are groundless; the system can not be abused if labor has a voice; it will not undermine unionism because labor must be organized to have a voice in scientific management, and because there is much that will demand a voice in the matter of hours and labor conditions, etc.; that unionism, on the other hand, has much to fear in fighting the system. The system will come to stay and will stay despite the opposition of the unions, so, in a contest against its introduction unionism is likely to be crippled. The wise unions, therefore, will work with and not against the system; the success of the system will increase production, lower costs, increase consumption, and thus increase employment. Now, if there are any fallacies in his statement, or if he is in error, I for one should be very glad to have it pointed out.

Mr. GOLDEN. Mr. Brandeis is speaking about a condition that does not exist corrected. There are some other representatives of other trades here, but to my knowledge, and so far as it has been introduced, or the attempt to introduce it is concerned in the textile industries, I do not know of any instance yet where organized labor was ever consulted, so that I have discussed this thing with Mr. Brandeis; his theory is right; I believe that if there is anything in this organized labor wants to do it, and organized labor is in a receptive mood to know it, but to my mind at the present time it has never even been consulted. I have debated this question with several of the exponents of the scientific management plan, but up to the present time, while nothing has been said in my presence in the open, I gather from what some of the members of the commission stated this afternoon, and from a few words dropped this morning, that the belief is in the minds of at least some of the exponents of this new twentieth-century idea that there is not any need for organized labor any more, and that this is a plan to be worked out by John Jones, who is the employee, and by Prof. Smith, who is an expert, and the employer.

Commissioner WEINSTOCK. Well, doubtless there are some, and there may be some on the commission that have that point of view, but I have not met them.

Mr. GOLDEN. Just understand me, I do not say on this commission; I spoke of the exponents of scientific management.

Commissioner WEINSTOCK. Doubtless there are some that think this scientific system of management will achieve for labor all that unionism aims to achieve for labor. If there are any such, I for one do not agree with them. I am in accord with the point of view expressed by Mr. Brandeis, that there is and will

continue to be the widest possible field for usefulness on the part of organized labor in protecting organized labor against the unfair employer, who will always exist. From what you have said, then, are we to understand that if capital shall agree that labor shall be fully represented, that it shall have an equal voice with capital in all things that effect scientific management, then labor would not object to the introduction of scientific management?

Mr. GOLDEN. No. They would not object, but I would answer that further by saying that ever since my earliest recollection I have been adjusting these things along the best methods, etc. If some expert can come in and help out in that situation, yes; but I think we can continue without the theorist to map out the best method and the best plan of scientific management and run our different industries.

Commissioner WEINSTOCK. Well, to make this point perfectly clear, let us imagine that I am an employer, employing a great many men in a plant, and that you are representing the labor, and we come together, and I say to you, "Mr. Golden, I want to introduce this scientific system; I have been led to feel that it has merit and that I can profit by it, that my customers can profit by it, and that my workers can profit by it." And you say to me, "How are you going to do it?" I say, "I am going to secure the services of an expert to come in who will revise the whole system and pick out the weak spots, see where there is wastefulness, and utilize that wastefulness." You said, "I disagree with you, Mr. W. I do not think you need an expert for that; I think you and the rest of us ought to see all these things," and you fail to convince me and I am still determined to bring in this expert, believing that he has more knowledge along these lines than you and I have together, and I say, "We differ on this point. I can not convince you and you can not convince me, and we are a hung jury; but I am perfectly willing, if you wish, that you shall have an equal voice with myself in any changes that may be brought about, and if we can not agree we will submit the matter to a third party and we will both abide by the decision." What would be your answer?

Mr. GOLDEN. That we would like the expert to come in and show us what he knew.

Commissioner WEINSTOCK. You would have no objection under those conditions?

Mr. GOLDEN. None whatever.

Commissioner WEINSTOCK. I have nothing further to say.

Mr. GOLDEN. We want him to come in there and show us what his knowledge is; we would welcome him.

The ACTING CHAIRMAN. Mr. Garretson?

Commissioner GARRETSON. No.

The ACTING CHAIRMAN. Mr. Lennon?

Commissioner LENNON. I want simply to bring out a little further one point that Mr. Weinstock raised. If you were assured, as president of your organization, and through that could assure the members that a proposition to put scientific management into one of the mills was to be done in entire cooperation with organized labor in the mills, would you give it the necessary investigation to determine as to whether it would be good or not, and fairly judge as to its merits?

Mr. GOLDEN. Oh, yes.

Commissioner LENNON. And if you found it good you would go ahead with the proposition?

Mr. GOLDEN. Yes.

Commissioner LENNON. I do not care to ask anything more.

The ACTING CHAIRMAN. Mrs. Harriman?

Commissioner HARRIMAN. No.

The ACTING CHAIRMAN. Mr. O'Connell?

Commissioner O'CONNELL. You say that the system has not been introduced in any of the mills as a whole, except possibly in some one mill, and that it is a sort of unknown commodity?

Mr. GOLDEN. Here and there in spots.

Commissioner O'CONNELL. Not enough to be made a criterion as to whether the product of the plant has been increased or decreased, or the wages increased or decreased, excepting some occasional case that has come to your attention?

Mr. GOLDEN. Why, yes; it has not been. Of course, you realize that the textile industry is a very large industry, and when you say the textile industry you take in everything that I mentioned this morning.

As we view it, and when I say we, I mean we labor men, it has not hit the textile industry yet very hard, but it is shaping toward that for the simple reason that the case I recited this morning occurred in one of our largest textile cities. Now, I have got some evidence here which I will leave with this commission. When we started this discussion in 1911 Mr. Brandeis was part of the discussion at the time; it was put into effect in a certain mill and was given a two years' trial; they had convinced a number of doubting Thomases that it was all right, and then they made the effort to convince me. I do not know whether my friend Duncan has been in Missouri any more than twice, but I have been there several times, and I said they had to show me; so I made arrangements and made the request that I be allowed to investigate it, and I want to say in justice to the employers who I believe were conscientious in the thing, I was given permission to go in there and make a personal investigation. After I had made an investigation of the system and had ascertained how it was working and so forth, I found that a large percentage of the employees were women and girls, and I felt there were some questions I would like to ask there, or at least there were some questions I would like to have answered, and I wanted to know what the effect on the human system was, so I made a request of the employer if I could bring a woman there and make inquiries, and so forth, and would he have any objections, and he said no. So I brought one of our experienced representatives, and she was allowed to go in the mill and she was allowed to interview the women and the girls, and she afterwards visited their homes, and she talked to them there, and that is all here in regard to the effect of this system, where it had been in effect for two years, on the workers.

I want to submit that evidence to the committee, and I only want to read one paragraph. Perhaps that will suffice to show that it is evidence.

This system was put into effect by representatives who are here.

The ACTING CHAIRMAN. You mean experts who are at the hearing?

Mr. GOLDEN. Yes.

Commissioner O'CONNELL. Does that show the earnings of the employees, both girls and women?

Mr. GOLDEN. It shows everything, Mr. O'Connell. Just while we have that question in mind, here was one of the systems; this was in the weaving department:

Every time the shuttle crosses the loom, that is what we call a "pick." In this particular mill they were paid by the number of picks per day, registered on a clock. If the weaver makes 251,400 picks per day, he receives \$2.41; but should he fall below this number of picks, he goes back to the flat rate of \$1.47 per day. In other words, should they make 250,000 picks or 250,400 picks per day, they lose their bonus and go back to the flat rate of \$1.47 per day. That means this—you will not understand the technical terms there, but it means this: The weaver works on these looms and is paid by the number of picks going, and his machine is calculated to go all day. Nobody has ever yet discovered how to stop a textile thread from breaking. It is going to break anyhow, more or less. If that weaver, working all day, got within one pick, going over that loom, of the necessary 251,400 picks, instead of getting \$2.41 for his day's work, he would get \$1.47. I asked the question: Who got paid for the difference between the amount of cloth woven for \$1.47, and one pick short of what they would get for \$2.41.

Commissioner O'CONNELL. The scientific-management man would tell you there that that was not scientific unless that had been taken care of. I am sure they would say that.

Mr. GOLDEN. All that surplus of cloth from every weaver that fell below the 251,400 picks, of course, went somewhere, but the employee did not get it. To me it seemed a very good proposition for the employer, because under the old system the weaver would have been paid for every yard of cloth he wove. Under the new system, if they should drive all day and make that necessary 251,400 picks, they would get \$2.41. If anything happened, sometimes something over which they had no control, they came back to the \$1.47, and somebody got the remainder. It was said—I am not in a position to prove it—that the expert got \$50 per week while he was putting this thing into operation, and perhaps that helped to pay his salary.

I just want to read one of these statements, of which there are a number:

"I interviewed another girl," said one of our women investigators, "also a spooler, whose statement was as follows"—a spooler is one that winds yarn on a bobbin:

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"'I can't make the bonus every day. When the work comes bad, and that is often, it is impossible to make the bonus. I have lost 10 pounds in three months and am fearfully nervous. I was fined 60 cents this week because the work came bad. I would much rather be paid under the old system, namely, for what I produced.' She was in bed when I interviewed her at 4 o'clock on Saturday afternoon."

There are a number of those cases, Mr. Chairman.

Commissioner O'CONNELL. Just file that document with the commission, will you?

Mr. GOLDEN. Yes; I will file it with you.

(The documents submitted by Mr. Golden were thereupon filed, and are as follows:)

SCIENTIFIC MANAGEMENT AS APPLIED TO THE TEXTILE INDUSTRY.

[By John Golden.]

Perhaps no subject has been more freely discussed during the current year than that of scientific management or what is sometimes termed "greater efficiency."

Louis D. Brandeis, of Boston, declared that by the introduction of greater efficiency the management of our railroad systems throughout the country \$1,000,000 per day could be saved.

I have no desire to discuss the subject of scientific management from the standpoint of the railroads, but when the ardent advocate of this most wonderful panacea—greater efficiency—heralded it as a cure-all for every industrial disease, real or imaginary, for which we suffered or were supposed to suffer, and included the textile industry as an example of what it had accomplished, I decided to make a thorough investigation.

The Brighton Mills, situated in Passaic, N. J., had been used on many occasions as a strong argument in favor of scientific management, this system having been in operation there for a period of about three years.

On March 23, 1911, accompanied by Sara A. Conboy, an organizer of our international union and a practical textile worker, I began the investigation.

We first interviewed the officials of the firm, including the owner, two superintendents, and the representative of the promoters of scientific management, who had been assigned to introduce and carry out this system in this mill. We were very courteously received by these officials, who placed not the slightest obstacle in our way toward securing all the evidence possible, and whatever be the evils of this system, I am satisfied that the owner of this concern is absolutely sincere in his belief in the system.

The Brighton Mills manufacture a peculiar grade of cloth which is used in the making of automobile tires.

They employ 635 operatives, 445 male and 190 female, of mixed nationalities, including 51 English-speaking male operatives, 41 English-speaking female operatives, 543 operatives of foreign descent, 394 of whom are male and 149 females. Of this number, 272 are Polish, 88 Italian, 84 Slavs, the remainder being divided between Hungarians, Lithuanians, Germans, Greek, French, and Dutch.

The mill runs 116 hours per week, with two sets of help. The day help works their schedule of 58 hours, beginning Monday morning at 12 minutes of 7, and stops at 6 p. m., with 42 minutes allowed for dinner, for five days in the week, and stops on Saturday at 18 minutes after 12, noon.

The night help perform their week's work in five nights, starting at 6 p. m., and stopping at 6 a. m., with thirty minutes allowed for lunch at midnight.

The sanitary arrangements in the mill are very good, separate clothes closets being provided for each operative, clean toilets and wash rooms for both males and females, and a very pleasant-appearing lunch room, where light lunches are served at cost price.

The whole system of scientific management is based upon securing the very largest amount of production in a given time, each machine being figured out as to what it should actually produce when speeded up to the limit. The price is then fixed on this amount of production.

Should the operator fall below the standard set a reduced price is then paid, which is commonly known as the flat rate. For instance, take the weaving department. The flat rate of wages is set at \$1.47 per day on four looms. If the weaver makes 251,400 picks per day they receive \$2.41, but should they fall below this number of picks, they go back to the flat rate of \$1.47, or, if

other words, should they make 250,400 picks per day they lose their bonus and go back to the flat rate of \$1.47 per day.

I instructed Mrs. Conboy to visit a number of these people at their homes, believing they would be inclined to give their opinions more freely there, while I got in touch with a number of the male operatives. We talked to about 50 people all told, representing the various departments in the mill. I withhold their names for obvious reasons, but have them recorded.

Without a single exception, we found the sentiment among the operatives interviewed to be very much against the bonus system. When asked the reason why, the replies would invariably be as follows: Yes, we get a little more money some days—not always—but we are pushed to the limit. The mental strain under which we work and our anxiety and fear that we will fall below the standard set makes the job scarcely worth while. We were far better off when we were paid for every yard of production we turned off; our overseers were more kindly disposed to us under the old system, as they are now working under the same nervous strain as we are, because they also are paid in accordance with the production of their help.

The following cases reported by Mrs. Conboy are a fair sample of the many investigated: In calling on two girls, who are sisters, I found one of them ill; the other was disposed to talk, and said, "I work as a spooler and have to get off 12 doffs a day to earn the bonus of \$1.47. The first attempt was to have us get off 13 doffs, but this was found to be a human impossibility. Should I get off only 11 doffs I receive \$1.05, the flat rate." On being asked if she liked the system now used in the mill she said "No, I would rather work by the piece or basket, as in former days. I come home from work every night exhausted and often wet through with perspiration. I never go to any place of amusement, being so tired that many nights I am in bed at 7.15. We are fined 15 cents for bad work when many times it is not our fault, but the fault of the spinner, and this fine is imposed whether we earn the bonus or \$1.47 or the flat rate of \$1.05 per day."

I interviewed another girl, also a spooler, whose statement was as follows: "I can't make the bonus every day. When the work comes bad (and that is often) it is impossible to make the bonus. I have lost 19 pounds in three months and am fearfully nervous. I was fined 60 cents this week because the work came bad. I would much rather be paid under the old system, namely, for what I produced."

She was in bed when I interviewed her at 4 o'clock on Saturday afternoon.

Another woman, who is a weaver on fine work, made the following statement: "I have worked there for a number of years, both under the old system and the new one, and find the work much harder under the bonus system. If a loom is stopped for any cause you lose the bonus. We have to wait many times for filling. We are fined for stained threads, ranging from 10 cents to 60 cents, according to the length of the stain. It is drive, drive, drive every minute of the day. I am ready to go to bed the moment I get home at night, often without supper. The flat rate of wages is \$1.47 a day. If we get off 272,600 picks registered by the clock on the loom, we get \$2.40 per day. If we fall below this number of picks, we go back to the \$1.47. I would a great deal rather work under the old system, for then I would be paid for all the work I do."

Loom fixers get 20 cents per hour. They get 5 cents bonus on every weaver that makes their bonus, and if all the weavers make it, he gets 10 cents for each one. Thus, if no one else is bound to drive the help working under him, he is, in order to secure as much bonus as possible for himself.

The men whom I personally interviewed were very emphatic in their dislike of the bonus system, and the substance of their reply to my questions was as follows:

"How do you like the present system?"

"It is no good."

"Why?"

"Because we are driven too much at our work, fined very heavily for imperfect cloth, some of which we are not entirely responsible for, and often fall down on getting our bonus through having to wait for filling. Our bosses do not treat us so well as formerly, and taken all in all, we would much prefer to be paid under the old system, namely, for every yard of cloth produced irrespective of bonus."

None of the help in this mill are organized. We did have a few members at one time, among them a vice president of our local union, but they were so ~~openly~~ ^{openly} libeled by some of the underofficials in the mill in regard to their mem-

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bership in the union, that they finally stopped paying dues rather than be subjected to the sarcastic remarks of these same officials. The man who was vice president of our local union would be often asked: "Say, Mr. Vice President, when are you going to call a strike?" He stood for this until patience ceased to be a virtue, and then gave up his job rather than leave his union.

This is the story of scientific management in the Brighton mills as gleaned from operatives working under the system.

The story speaks for itself.

When greater efficiency and scientific management tends to *conserve* and not *destroy* human effort, when it makes for lightening the burden of the toiler, not to make it still heavier, then and not until then will it be successfully applied.

STATEMENTS OF EMPLOYEES.

(1) Spinner: "Work is very hard, and goes home from work badly tired out, and awful hot. I make \$1.05 a day, and if make bonus can get \$1.47. Work is very hard and we have to work, oh, so hard, to make the bonus. I have worked so hard I lost 19 pounds in three months, and am going to leave soon to do housework. I was fined 60 cents last week."

(2) Spinner: "We have to work like dogs, and you will not mind work if they give you what you earn. Last week I lose my bonus three days for only a little bit, and when I ask boss about it, if I get nothing for working so fearful, he say you get flat pay \$1.05. I hate my boss now, and he was one fine boss, but not no more. Would rather work old way, by the piece, for you work hard then, but get all you work for."

(3) Spinner (ring): "I don't like this way of working. I don't mind working hard, for we can make good pay if we make the bonus, but if I work hard all day till I am so tired then lose that bonus I get so mad I want to swear. Sometimes I cry, I am so mad, but it did not do me any good. Every girl so tired that we don't know what to do, only go to bed. Yesterday I had a fight with my boss, and told him I was so tired I must go home, and I did."

(6) Weaver: "I have worked in this mill for a number of years, both under the old system and the new, and I never worked so hard in my life as I have to work under this efficiency system. If a loom is stopped for any cause, you lose your bonus. Have to wait a long time for filling and the fines are fearful. We are fined for stained threads when many times it is not our fault, but we have to pay for it all the same. We get \$1.47 flat pay, and if we are lucky enough to make our bonus we get \$2.40. It is hard work in the winter when the weather is cool, but you ought to see us in the summer when the days are hot. But I don't intend to see another summer, and work like I did last year. It would kill a horse. I would a great deal rather work the old way, for there are periods when a woman is not able to exert every bit of strength in her body."

(7) Weaver (man): "Like this system? I guess not. But what can we do about it? We are supposed to get 0.01 a thousand picks, but we don't get it. We get \$1.47 flat rate, no matter how many picks we make, if it is not up to the number. When we make 201,000 picks we get only \$2.29, and get \$2.13 for 272,000 picks on fine work. Weavers are worked so hard that many of them give out. The loom fixers are paid by the product that is taken off the looms, and he, if no one else, drives us as hard as he can. I belong to the union, and every day the boss asks me when I am going to call a strike, and so I will not stand it, and I am leaving this week to be a baker."

(8) Weaver: "I think that the system of doing work the way that we have to do it is cruel. They only think of how much work we can get off, and do not care how tired we are. We can work all day, and then if anything happens at the last hour that we break down or have a pick out, it means the loss of the bonus. The loom fixers get 20 cents an hour, and if our loom is stopped for one minute they are yelling at us, for they get 5 cents bonus when we make our bonus, and if all his weavers make their bonus he gets 10 cents for each loom, so you see he just pushes us for all he is worth. I would a great deal rather work on the old system than on this new one, for then we get paid for every yard we make, and now if we lose our bonus we lose a great many yards, and it is not fair."

(9) Ring spinner (night): "Work is very hard, especially on your feet. There is no time to rest at all. We work from 6 p. m. to 6 a. m. I get \$1.74 a day, and my feet ache so that when I go home in the morning the first thing I

do is bathe my feet and then go to bed, tired out. It is no work for a woman, to work all night, but I have to work, and you have to work pretty hard here. I do not like it, and I am going to do housework in the spring."

(10) Winder: "I do not like this way of doing work. If the thread comes good it is not quite so bad, but when the thread is poor, it is awful. If we want to keep up with the work, and make the bonus, you have to work like fury. We never walk up or down our alleys, but we run all the time, and our backs are ringing wet with sweat all the time. Of course, some girls can work faster than others, and then those that can not work so fast must work like sixty to keep up with the smarties."

(11) Man on roving frame said: "They got us down pretty fine, so fine that they have only one man doing the work that used to be done by two men and a helper. They can afford to pay us a bonus when one man does the work that was always done by three, so you can imagine how we must work, and if we do not like it, we can look for work elsewhere, or like going to school, go to the foot of the class, and every one who comes in will know that you are a slow worker. I wish the old way would come back again, but I guess it won't, for they make too much money working us this way."

Male and female help, by nationalities.

	Female	Male		Female.	Male.
English.....	9	6	Greek.....	5	1
American.....	32	24	Russian.....	28	10
Polish.....	223	49	Hungarian.....	4	0
German.....	15	11	Scotch.....	1	2
Italian.....	64	24	Lithuanian.....	2	0
Slavish.....	33	13	Bohemian.....	1	0
Irish.....	9	9			
French.....	9	6	Total.....	445	190
Holland.....	11	35			

Commissioner O'CONNELL. The females were largely in the majority, apparently, were they not?

Mr. GOLDEN. Just a moment. Perhaps I should answer that question, Brother O'Connell, in this way: This statement gives the nationalities. There were 445 females and 190 males. There were 223 Polish, 9 English, 32 Americans, 15 Germans, 64 Italians, 33 Slavish, and so on, down the line. The Polish were in the very large majority. There were only 9 English people—that is, people that had come from the other side—and 32 Americans, making 41 people who speak the English language, in this particular mill. Seventy-five per cent of the employees were foreigners.

Commissioner O'CONNELL. Would that run generally as the average of the industry?

Mr. GOLDEN. It would run generally in this way, that whilst you would get the Polish people in that ratio in one particular district or city or town, you would get the Portuguese in another, and the French-Canadians in another, and so on.

Commissioner O'CONNELL. I mean the proportion of male and female.

Mr. GOLDEN. We figure in our industry a little over 65 per cent or nearly 70 per cent are females and the remainder males.

Commissioner O'CONNELL. Have you figured out in your organization anything like approximately the average wage paid the girl or the woman in the industry?

Mr. GOLDEN. Yes; the average wage paid the women in the industry runs from about \$6 to \$6.50.

Commissioner O'CONNELL. How about the girl?

Mr. GOLDEN. The girl will run from \$3.50 to \$5.

Commissioner O'CONNELL. Have you figured the male earnings?

Mr. GOLDEN. To speak about the male average in the textile industry, you would have to take them by their particular work. You would have to take them in cotton, woolen, or silk. In the silk, they would be higher, and in the woolen and worsted, they would come next, as also the carpet. In the cotton, they would come lower still; would probably run between \$9.50 and \$10.50.

Commissioner O'CONNELL. That is all.

The ACTING CHAIRMAN. I think probably Mr. Brandeis would say, in answer to your last testimony, that those very points which you have raised would be cured if the system were protected on the part of the employees by collective bargaining. Would not that be so?

Mr. GOLDEN. Yes. I think one of the troubles undoubtedly is that the men who are expounding this scientific management idea simply go into the employer and say, "Here it is all ready; put it into effect." They forget the other fellow. They do not consider he has a voice in this thing.

It might be news to your commission to know that the great Fall River strike in 1904, which involved 26,000 people for six months, was brought about by the introduction of a system—not by the experts of scientific management, but by two new inventions, one a longer bobbin in the shuttle, which lasted a little longer; and the other, through the invention of what we call the warp electrical-stop machine, which stops the loom when the thread breaks. On account of that one thing it lessened the work of the weaver, and on account of the lessening of the work of the weaver—

The ACTING CHAIRMAN. Do you mean it threw the weavers out of employment?

Mr. GOLDEN. It did to this extent, that the weaver who could run 8 looms under the old system was told to run 10, and in many instances they were expected to run 10 looms for the same amount of money they got when they ran 8. Of course, the weaver, under that plan, was producing a little over one-fourth more as much cloth on the new system, and wanted some extra compensation, but was refused it, and then came a reduction of wages on top of that. While it is believed to this day by the outside community that it was resisting reduction in wages, it was really resisting an attempt to compel the weaver, on account of the new inventions, which entailed some more work on the weaver, to do it without receiving any extra compensation.

The ACTING CHAIRMAN. How was that strike settled?

Mr. GOLDEN. That strike was settled at the end of two conferences held in the statehouse in Boston. Gov. Douglas was governor at that time, and it was settled upon this basis: It took \$20 per loom to put on the invention. Our people were to run the extra looms, but we would divide the difference in the amount of production into three parts—one part of the profits accruing were to go to the employer, one part of the profits would go to the weaver, and the other part would go toward paying some little extra help that was put on there, which probably would amount to about one-fourth of the other part, and the remainder was to go to paying the expenses of putting in the invention. Of course, in the long run we easily realized the employer had the best of it, because one of the parts had been assigned to paying for the \$20 expense to put in the loom, and after that was paid he had the remainder, less the little extra for the help that was employed there.

The ACTING CHAIRMAN. Is there anything else, Mr. Golden?

Mr. GOLDEN. I just want to make this statement, Mr. Chairman, and then I think I am through, unless it brings out something else.

Mr. Brandeis and I agree to a great extent in regard to this thing having created a feeling, on the one hand, that the experts have gone ahead and said this will eliminate organized labor, etc., and that has created another impression that that is the reason why organized labor has shown some opposition to it.

That, in my opinion, is not so. On the other hand, speaking for the textile industry, I do not know of any single instance where the employees, let alone their representative, where they were organized—and, so far as I know, where they were unorganized—have been even consulted. But I am not so very pessimistic about this thing, because it is something like these revolutionary movements that come sometimes to oppose our American form of trade-unionism. I have a concrete case there in a neighboring State, where for 10 years—and I want to say this more particularly to the experts who believe that it is going to eliminate the organized labor movement, and I want to say that in my judgment whoever brings this scientific management out in its true value will find that to be the result—in this particular locality, within the last six months, where we have failed for 10 years to organize the women workers, a man went in there and sat over the girls with a stop watch, to introduce some new fads. There are about 640 girls employed in there, and as a result of that they are all members of our union to-day. I think he was the best unpaid organizer we ever had.

Commissioner WEINSTOCK. You agree with Mr. Brandeis, then, that the introduction of scientific management, as a rule, will not destroy the usefulness of the unions?

Mr. GOLDEN. It will if it is followed out along the lines they suggest. That might maintain there. The only reason that came out—if I may finish the story—was that the union men all around there were well organized. The women and girls had never seen the necessity of organizing, because they got everything that came along in the shape of shorter hours. They just had their hours reduced from 60 to 54 as the result of organized effort; but the minute the man came in with the stop watch and began to tell a woman who had worked in that particular job for 15 years, and who was old enough to be his mother undoubtedly in many instances, how she would have to do the job, and she would have to do it in that way or get out—so the bosses said later—they immediately began to organize. But the injustice of the thing is shown in the other particular instances, where the foreign element are being dealt with, where the unorganized element are being dealt with. I do not know just what conditions exist there now. If this commission has the time, either now or some time later, to make an investigation of that condition, I would like them to do it, because I can not get within a quarter of a mile of the mill now. I was received with open arms in 1911; but because we told the truth of what the conditions were there, it is not possible to get in their mill any more. But where they are organized, our people—and that will bring about intelligent organization, and all that has been eliminated in this particular instance where they organized—if it is allowed to go ahead in places like the one I have cited previous to the last one, hundreds of thousands of people in our industry are liable to be exploited for years without anybody knowing anything about it.

The ACTING CHAIRMAN. Have you anything else to say Mr. Golden?

Mr. GOLDEN. No.

The ACTING CHAIRMAN. We are very much obliged to you for coming here.

TESTIMONY OF MR. HARRINGTON EMERSON—Recalled.

The ACTING CHAIRMAN. Mr. Emerson, we understood that you wanted to make a brief statement, or some supplementary suggestions?

Mr. EMERSON. If the commission permits, I would like to make a few more remarks.

In my first testimony I spoke very strongly against piece rates. I would like to say that there was one thing which we learned from piece rates. It was brought out in Mr. Tobin's testimony that the men very often work only seven hours under piece rates. We did learn it was of very great advantage to give the men jurisdiction as to how long they should work. Usually when a man is working under piece rates there is no objection in his working for seven or eight hours, or any number of hours he might see fit, as long as he usually accomplishes a certain minimum. So that feature of allowing the man to determine what he shall do with the time that he gains, I consider a very desirable feature. It is one that I might embody in a particular method that I use, that was based upon the contracts made by the Brotherhood of Locomotive Engineers and the other trainmen.

I would like to call to the attention of the commission the natural law of work, because that is a very important matter that underlies a great deal of this modern movement. If a man is going at top speed, namely, 20 miles an hour, he can only accomplish 300 yards in a day, and he can only do that by taking baths and massage, and being treated medically in order to keep him in condition. Three hundred yards is the total output of a man at a speed of 20 miles an hour. If, on the other hand, he goes 3 miles an hour, he can do 172 times as much as when he goes at top speed. So it is perfectly evident that there is a very much lower speed at which a greater amount of work will be accomplished.

Long hours are always more economical. If we disregard entirely the human side of it, you can get more out of a man working 16 hours a day than you can working 12 or 10.

For many years I did not believe that, but I have finally found it was so. Therefore, we must deliberately curtail a man's output for social and for ethical reasons, and not for economic reasons. If it is considered advantageous to cut the time down to seven or eight hours, that is a benefit which the com-

munity or the fabric of society reaps from some of the gains made. It is not cheaper for the employer to do it. It is more human to do it. But this is not true of machines, railroads, steamers, glass, steel, and paper works. There you really want to get just as much out of your plant as you possibly can. Whether you shall work with two, three, or four shifts is a question, of course, for discussion and deliberation. It takes less men, and they individually earn more on two shifts of twelve hours. The plant undoubtedly does better on three or four shifts. It is because of improvement in the plant that we have been able to progress from 16 and 14 hours down to 12, 10, 8, and even less.

Mr. O'Connell asked me whether I knew of any cases under my experience of reduction of work. At Albuquerque we advocated putting through a reduction of hours from 10 to 9, when I was connected with the Santa Fe Railroad. I recommended for the whole road a standard of 9 hours a day instead of 10, but I was not able to put that through. On the 9-hour basis, at Albuquerque, a man earned 20 per cent more per hour, and a total of 10 per cent more in the day, and gained 10 per cent of their time. We always left it up to the men to choose whether they would work 80 per cent for 10 hours or 100 per cent for 8 hours.

This is a personal matter now: One of the witnesses spoke of the Emerson system having cost the American Locomotive Co. \$800,000.

I think it is a matter of record that the giving up of the system caused an increase of expense of \$800,000 to the American Locomotive Co., which is perhaps what he was referring to.

In listening to the scientific managers and to the representatives of organized labor, and to the members of the commission, I have been reminded of the babes in the woods who were buried under a shower of falling leaves. I have heard details, endless details, and very few principles. This was written, however, before Mr. Brandeis spoke.

By scientific skill we can regulate the channel of the Mississippi, but we can not hold the water back by dams, nor can we turn it back.

It seems to me that the efficiency movement is a movement which began centuries ago, which is now world-wide and is growing irresistibly. You can check the movement; you can not stop it. The first thing to be realized by the people of the world, by the United States, by this commission, by employers, by employees, by organized labor, and by efficiency engineers, is that the movement is above us, superior to us, and that our separate and collective duty is to play the game, and that if we do not play the game we shall be hurt.

Several minor aspects of this question have in my opinion been emphasized out of all proportion. These minor matters are devices of methods of pay, of collective bargaining, of overwork, and of reduction of pay. Devices like slide rules, stop watches, etc., are interesting, ingenious, and valuable, but not of vital importance, and only important when of use. Any method of pay or bonus used as a stimulus is a wholly minor matter. Do not let us mistake the flavor of salt on the beefsteak for the beefsteak itself. Cooperation is the essential. Equitable division comes next.

I would through cooperation rather receive one-third of \$1,000, even though I was entitled to two-thirds, than to secure the whole of \$100. There are more powerful incentives than bonus. We have never forced any man to take bonus.

Collective bargaining about the laws of the universe is an absurdity. We can either play the game or not play it. We can not bargain collectively about infant mortality. If we observe certain laws infant mortality sinks as low as eight per hundred in the first five years, or we can have it as high as 80 per cent. It is simply a question of observance of the laws. Now, of course, as to infant mortality, you can decide whether you are willing to have 80 per cent of mortality, or you will have eight, but you can not get away from the fact that 60,000 bacteria in a cubic centimeter of water means a very high mortality.

To overwork is a violation of a law of physiology. For one person who overworks scientifically there are 2,000 who overwork unscientifically and 10,000 who underwork unscientifically. Personally I have no ideal of little work and short hours. I like to work 12 hours a day, and to work faster is my greatest pleasure, because I like my work, and two-thirds of it is without pay, but I am perfectly willing to accept the idea of underworking scientifically versus underworking or overworking unscientifically.

Reduction in pay: It is a law of the universe that value increases faster than cost of effort. Any proposition to degrade value is on the face of it an idlody. Rather than try to legislate against several million examples of idlody

I would like to see idleness itself suppressed, and suppressed by the encouragement of common sense.

I am perfectly willing to pay men \$12 a day for eight hours a day, but if in accordance with the rules of the game I am also willing to work 16 hours a day on bread and water, and thank God for the privilege of both the 16 hours and the bread and water, and a good deal more grateful for both than for the dollar and a half. If anybody has ever been wrecked at sea and has rowed 16 hours in a boat to get anywhere, he will understand what I mean.

Commissioner O'CONNELL. I have been out in one, but not that long.

Mr. EMERSON. It is the game we must play, not bumblepuppy, whether we are playing baseball, football, chess, golf, or the game of life.

I would like to bring up some of the questions of disagreement, apparently, between the scientific managers. There are certain systems that have been mentioned; for instance, those of Halsey, Taylor, and others. The fundamental common ground is the establishment of standards and their attainment, and that is the only common ground that can be, namely, the setting up of an ideal and a desire to attain it. What the ideal shall be and how strenuously it shall be sought for, and what the methods are for attainment, are subsidiary questions. One may use a notched stick for a method, or a Hollerith machine. I have seen the Igorotes shoot dimes out of notched sticks, and they preferred the dimes to the nickels, and I have also seen the United States Navy hit a target at 8 miles at the first shot.

Forty-five years ago my brother and I were trying to find standards. We were suddenly thrown into new conditions in frontier life. We were attaining standards as a regular habit when Mr. Taylor was, according to his own report, still soldiering. In my own experience as a general manager I was asked to take care of a plant that had been trying to manufacture a product that had never before been produced in this country, or anywhere else in the world, for that matter, successfully. We had to mix our materials chemically; they had to be weighed out on standard scales with the greatest exactness; the time of the melt was an exceedingly important element. I went to Mr. Bristol, and we timed the cooling of the material, which was glass, and we found that it dropped a dozen degrees in temperature in one-fifth of a second, and that the whole subject of the operation of those machines depended on how fast we could operate them in that slight period that we had before it cooled off.

Of course the whole glass did not cool in a fifth of a second; it took a little longer time, but it came within fractions of a second that you had to operate. Now, it was not possible to have any collective bargaining as to those points. Later, when the glass passed into the lehr, we had pyrometers that recorded its exact temperature; they were not allowed to vary more than 5°. We had clocks, and every time a clock rang a man had to pull a handle and move the lehr and move the glass along, and the whole thing was absolutely a matter of necessity, not as collective bargaining, which would not have been possible in any way whatever. It was run on a stop-watch proposition and a clock proposition; it was simply a question for the men and the management and everybody else as to whether we could make glass or whether we could not.

We had no bonus, no piece rates, nothing but straight day pay. We had to keep a watch on the men, or rather observe the men, to keep them from overworking the schedules, just as people speed automobiles; we had to slow them down. In the cutting room it was different; there was great waste from the broken glass, and by doubling the wages we were enabled to increase the wages 50 per cent by simply lessening the amount of broken glass. It was after this experience that I met Mr. Taylor. I think Mr. Taylor was entirely too modest in pointing out the tremendous and wonderful work that he has done in the history of machine-shop practice, which he has revolutionized all over the world by the invention of high-speed machines.

Mr. Barth, with his slide rules; Mr. Galbraith, with his motion pictures; they have also done wonderful work; but I am acquainted with work equally wonderful among men who have been associated with me. Mr. Power, for instance, is a man that on one occasion when the men had gone out on strike went out from a conference with the president and was immediately surrounded when he came out by the pickets, and both the president and the pickets wanted him to advise them as to how to settle the strike. His great ability as an efficiency manager lies in the fact that he can gain the confidence both of the men and the employer.

One of the other men associated with me, my brother, made this statement. He says, "You can not get a man to work faster by offering him any bonus;

you can not get him to work faster by telling him that it is to his advantage, or that the work is more economical, or for any other reason of that kind. A man will cooperate with you if he likes you, and he will not like you unless you first like him."

Now, there are principles that I think are fully as important in installing scientific management as the slide rule or the motion picture or the stop watch.

One of my other assistants rose in three years time from being a machinist to being superintendent of motive power, owing to certain qualities that he had, of great energy and initiative. The problems of organization, I think, are more important than those of the stop watch and of the slide rule. I think vocational selection is more important than the question of the stop watch and the slide rule. I have known Mr. Taylor's work; I have gone into shops where Mr. Taylor's work has been installed, and I have checked it up and have found it exceedingly good; sometimes he would have made it a little less hard, at other times a little harder. We take Mr. Taylor's standards on belts; on pig iron we were able to surpass him. I say no actual results that have been attained that were superior to these have been attained by other methods that were fully as important.

I have noticed 100 per cent improvement in 12,000 men in two years' time. That seems very much more practical than 300 per cent improvement of 100 men in five years.

One of the managers at one time told me quite recently, "We are only doing 50 per cent at the present time of what we ought to do." He says, "It is 100 per cent better than it was before we started on this scientific management."

System is not efficiency. The accountant is not an efficiency engineer. Strenuousness is not efficiency. I regard the eagle as far more efficient than the rooster, and yet the rooster works a great deal harder when he tries to fly than the eagle.

In establishing standards I think Mr. Taylor and his skill are preeminent. They have made wonderful studies of methods of establishing standards, and methods that can very often be immediately accepted and built on.

The question of wages: As I said before, one of the employers came to me one time and said, "You come, Mr. Emerson, and induce my men to increase their wages from \$8 a day to \$12 a day?" I said, "That is exactly the kind of thing I would like to undertake. The fact is that the higher the wage is, generally the more economical the wage. I can see no incentive for an employee to lessen his wages, and to destroy anything that he has carefully built up. On the other hand, I would prefer always to secure the kind of man that required higher and progressively higher wages all the time."

The ACTING CHAIRMAN. We are very much obliged, Mr. Emerson.

The hearing is now adjourned.

(Whereupon, at 5.45 o'clock p. m., the commission adjourned.)

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